

Roberta Cross Guns  
Don Harris  
Special Assistant Attorneys General  
840 Helena Ave  
Helena, MT 59601  
(406) 444-2040

**Hearing Examiner**

FEB 19 2004

Attorneys for Department of Insurance

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	CASE NO 2003-37
	)	
THE PROPOSED DISCIPLINARY	)	NOTICE OF PROPOSED AGENCY
TREATMENT OF FARMERS	)	ACTION AND OPPORTUNITY
INSURANCE COMPANY, INC.,	)	FOR HEARING (LICENSE
	)	DISCIPLINE AND
Respondent.	)	ADMINISTRATIVE FINE)

---

PLEASE TAKE NOTICE

Staff of the Insurance Division of the Office of the State Auditor and Commissioner of Insurance of the state of Montana (Commissioner), pursuant to the authority of the Montana Insurance Code, Section 33-1-101, et seq., Montana Code Annotated (2004) [hereinafter, MCA], is proposing to the Commissioner that he take disciplinary action against the entities named above for violations of the Montana Code. The Commissioner has authority to take such action under the provisions of Section 33-1-317, 33-2-119, 33-17-411, 33-17-1001, and 33-17-1002, MCA.

Service of process is pursuant to section 33-1-314, MCA.

REASONS FOR ACTION

There is reason to believe that the following facts, if true, justify and support such disciplinary treatment.

### ALLEGATIONS

1. [REDACTED] on October 16, 2002, filed a complaint against Farmers Insurance Company, Inc., concerning her Farmers Homeowners Plus policy. The Department of Insurance assigned File No. is 27769.
2. The policy number is [REDACTED] for property located at [REDACTED]  
[REDACTED]
3. In the process of investigating [REDACTED] complaint, the Department of Insurance can find no evidence that Farmers Insurance Company, Inc. filed rates for the Farmers Homeowners Plus policy or that the forms were filed with this Department as well.
4. Additionally, the Department of Insurance can find no evidence that Farmers Insurance Company, Inc. has been issued a certificate of authority from the Department of Insurance.
5. On October 1, 2002, [REDACTED] was notified that her Farmers Homeowners Plus coverage would be non-renewed on December 22, 2002, but that she could replace it with the Zurich Home Service plan.

### CONCLUSIONS

1. The State Auditor is the Commissioner of Insurance pursuant to section 2-15-1903, MCA.
2. The insurance department is under the control and supervision of the Commissioner pursuant to section 33-1-301, MCA.
3. A person may not transact a business of insurance in Montana or a business relative to a subject resident, located or to be performed in Montana without complying

with the applicable provisions of the Montana Insurance Code [hereinafter, Code] pursuant to section 33-1-102, MCA.

4. The Commissioner shall administer the Department of Insurance to protect insurance consumers pursuant to section 33-1-311, MCA.

5. In failing to file the Farmers Homeowners Plus policy with the Department of Insurance, Farmers Insurance Exchange is in violation of section 33-1-501, MCA.

6. In failing to have filed rates for the Farmers Homeowners Plus policy with the Department of Insurance, Farmers Insurance Exchange is in violation of section 33-16-203, MCA.

7. In failing to have a certificate of authority from the Commissioner, Farmers Insurance Company, Inc. is in violation of section 33-2-101, MCA.

#### PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Montana consumers to:

1. Obtain a cease and desist order barring Farmer's Insurance Company, Inc. from selling insurance products without a certificate of authority from the Department of Insurance or without filing forms and rates pursuant to Code;

2. Order Farmers Insurance Company, Inc. to pay an administrative fine in an amount and upon such terms and conditions as supported by the evidence and determined at hearing of this matter; and

3. Take such other actions which may be in the public interest and necessary and appropriate for the protection of Montana consumers.

#### RELIEF REQUESTED

WHEREFORE, the Department seeks the following relief:

1. Imposition of an administrative fine of up to \$25,000.00 for each violation of the Montana Insurance Code pursuant to section 33-1-317, MCA for the violations described in the Conclusions section of this Notice, to wit, Farmers':

a. failure to file the Farmers Homeowners Plus policy with the Department of Insurance in violation of section 33-1-501, MCA;

b. failure to file rates with the Department of Insurance in violation of section 33-16-203, MCA;

c. failure to have a certificate of authority from the Commissioner in violation of section 33-2-101, MCA.

2. Further, the Department seeks a finding that all sanctions and remedies detailed and described here are in the public interest and necessary for the protection of Montana consumers.

3. The Department seeks a finding as fact of the allegations set forth in paragraphs 1-5 of the Allegations section, above.

4. Issuance of an immediate order to cease and desist from committing further violations of the Code.

5. Any further action as deemed just and appropriate for the protection of Montana consumers.

#### **STATEMENT OF RIGHTS**

You are entitled to a hearing and to respond to this notice and present evidence and arguments on all issues involved in this case. You may have a formal hearing before a hearing examiner appointed by the Commissioner. This is provided for by the Montana

Administrative Procedure Act, sections 2-4-601, MCA, and following, including Section 2-4-631, MCA. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing. Pursuant to section 33-1-701, MCA, the hearing shall be held within 45 days after receipt of the demand by the commissioner, unless postponed by mutual consent.

You have the right to be represented by an attorney at any and all stages of this proceeding.

If you want to resist the proposed action under the jurisdiction of the Commissioner, you must so advise him within twenty (20) days of the date you receive this notice. You so advise him by writing to Don Harris, Staff Attorney, State Auditor's Office, 840 Helena Ave, Helena, MT 59601. While so advising Mr. Harris, you should make clear whether you demand a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for handling this case. Pursuant to section 2-4-603(2), MCA, you may not request to proceed informally if the action could result in suspension, revocation or any other adverse action against a professional license.

Should you request a hearing, you have the right to be accompanied, represented, and advised by counsel. If the counsel you choose has not been admitted to practice law in the state of Montana, he or she must comply with the requirements of Application of American Smelting and Refining Co., (1973), 164 Mont. 139, 520 P.2d 103.

#### **CONTACT WITH INSURANCE COMMISSIONER'S OFFICE**

If you have questions or wish to discuss this matter, please write Don Harris, Staff Attorney for the State Auditor, 840 Helena Ave, Helena, MT. 59601. If you are

represented by an attorney, please make any contacts with this office through your attorney.

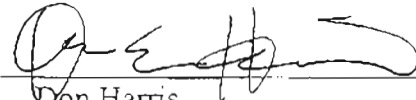
**POSSIBILITY OF DEFAULT**

Failure to give notice or to advise of your demand for a hearing or form of informal procedure within twenty (20) days, will result in the entry of a default order imposing the disciplinary sanctions against you and your license, all without any more notice to you, pursuant to 6.2.101, Administrative Rules of Montana (ARM) and the Attorney General's Model Rule 10, 1.3.214, (ARM).

DATED this 19th day of February, 2004.

JOHN MORRISON  
State Auditor and  
Commissioner of Insurance

By:



Don Harris  
Staff Attorney

CERTIFICATE OF SERVICE

I hereby certify that I mailed a true and correct copy of the foregoing NOTICE  
OF PROPOSED AGENCY ACTION AND OPPORTUNITY FOR HEARING  
(LICENSE DISCIPLINE AND ADMINISTRATIVE FINE) to the following persons by  
depositing the action in the U.S. Mail, certified, return receipt requested, on this 19  
day of FEBRUARY, 2004.

TO: Robert Cameron  
Gough, Shanahan, Johnson & Waterman  
P.O. Box 1715  
Helena, MT. 59624-1715

  
State Auditor's Office

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

Hearing Examiner

NOV 08 2002

IN THE MATTER OF:

CASE NO. 2002-42

THE PROPOSED DISCIPLINARY  
TREATMENT OF FARMERS  
INSURANCE EXCHANGE,

NOTICE OF PROPOSED AGENCY  
ACTION AND OPPORTUNITY FOR  
HEARING

Respondent.

TO: Maryann Seltzer  
Corporate Secretary  
Farmers Insurance Exchange  
c/o Farmers Insurance Group  
4680 Wilshire Blvd  
Los Angeles, CA 90010-3807

Robert Cameron  
Gough, Shanahan  
P.O. Box 1715  
Helena, MT. 59624-1715

PLEASE TAKE NOTICE

Staff of the Insurance Division of the office of the State Auditor and Commissioner of Insurance of the state of Montana (Commissioner), pursuant to the authority of the Insurance Code of Montana, Section 33-1-101, et seq., Montana Code Annotated (2001) (MCA), is proposing to the Commissioner that he take disciplinary action against the entities named above for violations of the Montana Code. The Commissioner has authority to take such action under the provisions of Sections 33-1-317 and 33-2-119, MCA.

Service of process is pursuant to section 33-1-314, MCA.

///



1  
2  
3  
4  
5  
6  
7  
8  
9  
0  
1  
2  
3  
4  
5  
6  
7  
8  
9  
0  
L  
2

ALLEGATIONS

1. On February 27, 2002, a 74 year old resident of Kalispell, Montana, wrote Farmers Insurance Exchange about the increase in his automobile insurance premium, policy # 70-06717-62-35. In a March 5, 2002, letter to the Kalispell resident, Barry Waggner, Executive Director of "Farmers", wrote acknowledging the February 27 letter.

Due to increasing costs, it was necessary to affect a base rate increase on our automobile book of business statewide. In addition, the Farmers Insurance Group of Companies, like a number of other insurance companies, now uses a risk assessment model in this process. This risk assessment model produces an insurance score that provides a measure of future auto loss probabilities for an insured or applicant for insurance. This model utilizes a group of pre-selected characteristics derived from information on your credit report. When these characteristics are entered into the risk assessment model, they produce a score that has been shown to highly correlate with auto loss risk. That score is not interpreted to be, nor is it utilized as, a measure of your credit worthiness. Rather it is part of the process of selecting and classifying insurance risks. Since this risk assessment model itself is proprietary to the independent third party provider, we do not have access to the calculations that resulted in your score.

. . . Pursuant to the Fair Credit Reporting Act, we have the right to obtain and use consumer reports, including insurance bureau scores, so long as we have a permissible purpose to do so. We have such a permissible purpose when we underwrite insurance, be it new business or existing business. Any inquiries or a request for more detailed information

1 relating to contents of the report itself  
2 should be directed to our vendor, TransUnion,  
3 at the following address . . . .

3 3. The specific reasons for the adverse underwriting  
4 decision were not given in Farmers March 5, 2002 letter. Also,  
5 as directed, the 74 year old Kalispell resident obtained his  
6 Trans Union Consumer Credit Score. The date of score was March  
7 1, 2002. He had a score of 840 out of a possible of 934 points.  
8 His score was very favorable. (He provided this report to the  
9 State Auditor's Office.)

10 4. Also, as part of the information provided from the 74  
11 year old Kalispell resident, were two letters from Steve Hooper  
12 to Dave Dela Torre of Farmers Group, Inc. Hooper is a resident  
13 licensed Montana insurance producer with an appointment with  
14 Farmers Insurance Exchange. He works in Kalispell. The letters  
15 were dated 15 March 2002 and 28 August 2002. In both letters  
16 Hooper expressed frustration to Dela Torre about the lack of a  
17 specific reasons for the adverse underwriting.

18 5. An April 2, 2002, letter from David Dela Torre assigned  
19 the matter to Kerry Heinz of Farmers Insurance Exchange.

20 6. In a letter dated September 5, 2002, from Kerry Heinz to  
21 Steve Hooper, Heinz identifies himself as the "Montana Personal  
22 Lines Service Team Leader." The letter reads in part:

23 As you recall, (the 74 year old resident of  
24 Kalispell's) policies are currently showing an "I" for  
25 his FARA and FFRA insurance bureau scores. Due to the  
fact that our insured does not feel that this is  
correct, you contacted me.

26 Upon review, it was discovered that the correct  
27 information is on record concerning (the 74 year old  
resident of Kalispell's) name, D.O.B, address and

1 Social Security Number. Jeff Roberts, in Home Office  
2 Business Development Administration, was also  
3 contacted. He stated that an "I" indicator means the  
4 customer has a credit file but the underlying credit  
5 report does not have adequate activity to generate an  
6 insurance bureau score or risk assessment indicator.

7 When an "I" is generated, there are no specific reason  
8 codes generated. An additional point to note, is the  
9 fact that an "I" score may receive discounts from base  
10 premium rates, such as in this case.

11 7. There are hand written notes in the information obtained  
12 from Steve Hooper while talking with Kerry Heinz. At the top of  
13 a sheet of paper reads: "Per Last conversation with Kerry Heinz -  
14 Senior U/W POL . . . Farmers has no idea why his score is an 'I.'  
15 Fair Isaacs model is proprietary(.) Farmers hands are tied."

16 8. On January 23, 2002, a resident of Bigfork, Montana sent  
17 Farmers Insurance Exchange a letter asking for the specific  
18 reasons for an adverse underwriting decision on her policy,  
19 [REDACTED] The letter indicates that she also sent a copy to  
20 Hooper Agency, Farmers Insurance, 37 5<sup>th</sup> Ste E STE. 202,  
21 Kalispell, MT 59901.

22 9. On March 4, 2002, Jacqueline Hausch of Farmers Insurance  
23 Exchange wrote a letter to the Bigfork resident. No specific  
24 reasons were given for the adverse underwriting decision.

25 10. On October 17, 2002, Kim Hewitt, of the State Auditor's  
26 Office, wrote a letter to Farmers Insurance Exchange concerning  
27 the Bigfork resident and her Farmers Insurance. On October 28,  
28 2002, Barry Waggener of Farmers Insurance Exchange wrote back Kim  
Hewitt and gave four primary factors from her credit report that  
resulted in an adverse underwriting decision.

#### CONCLUSIONS

1. The State Auditor is the Commissioner of Insurance pursuant to section 2-15-1903, Mont. Code Ann.

2. The insurance department is under the control and supervision of the Commissioner pursuant to section 33-1-301, Mont. Code Ann.

3. A person may not transact a business of insurance in Montana or a business relative to a subject resident, located, or to be performed in Montana without complying with the applicable provisions of this code pursuant to section 33-1-102, Mont. Code Ann.

4. The Commissioner shall administer the Department of Insurance to protect insurance consumers pursuant to section 33-1-311, Mont. Code Ann.

5. In failing to provide the specific reasons for adverse underwriting decision when an insured has made a written demand, Farmers Insurance Exchange is in violation of section 33-19-303, Mont. Code Ann.

STATEMENT OF RIGHTS

You are entitled to a hearing and to respond to this notice and present evidence and arguments on all issues involved in this case. You may have a formal hearing before a hearing examiner appointed by the Commissioner. This is provided for by the Montana Administrative Procedure Act, sections 2-4-601, MCA, and following, including Section 2-4-631, MCA. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing. Pursuant to section 33-1-701, the hearing

1 shall be held within 45 days after receipt of the demand by the  
2 commissioner, unless postponed by mutual consent.

3 You have a right to be represented by an attorney at any and  
4 all stages of this proceeding.

5 If you want to resist the proposed action under the  
6 jurisdiction of the Commissioner, you must so advise him within  
7 fifteen (15) days of the date you receive this notice. You may  
8 so advise him by writing to Kevin Phillips, Insurance Attorney,  
9 State Auditor's Office, 840 Helena Ave, Helena, Montana 59601.

10 While so advising Mr. Phillips, you should make clear whether you  
11 demand a hearing, or whether you waive formal proceedings and, if  
12 so, what informal proceedings you prefer for handling this case.

13 Pursuant to section 2-4-603(2), Mont. Code Ann., you may not  
14 request to proceed informally if the action could result in  
15 suspension, revocation or any other adverse action against a  
16 professional license.

17 Should you request a hearing, you have the right to be  
18 accompanied, represented, and advised by counsel. If the counsel  
19 you choose has not been admitted to practice law in the state of  
20 Montana, he or she must comply with the requirements of  
21 Application of American Smelting and Refining Co., (1973), 164  
22 Mont. 139, 520 P.2d 103.

23 CONTACT WITH INSURANCE COMMISSIONER'S OFFICE

24 If you have questions or wish to discuss this matter, please  
25 contact Kevin Phillips, legal counsel for the State Auditor, 840  
26 Helena Ave, Helena, MT, 59601, (406)444-3496 or, within Montana,  
27 (800)332-6148. If you are represented by an attorney, please make  
28

1 any contacts with this office through your attorney.

2 POSSIBILITY OF DEFAULT

3 Failure to give notice or to advise of your demand for a  
4 hearing or form of informal procedure within twenty (20) days,  
5 will result in the entry of a default order imposing the  
6 disciplinary sanctions against you and your license, all without  
7 any more notice to you, pursuant to 6.2.101, Administrative Rules  
8 of Montana and the Attorney General's Model Rule 10, 1.3.214.

9 DATED this 8<sup>th</sup> day of November, 2002.

10 JOHN MORRISON  
11 State Auditor and  
Commissioner of Insurance

12  
13 By: 

14 Kevin F. Phillips  
Insurance Attorney

1 CERTIFICATE OF SERVICE

2 I hereby certify that I mailed a true and correct copy of  
3 the foregoing NOTICE OF PROPOSED AGENCY ACTION AND OPPORTUNITY  
4 FOR HEARING (LICENSE DISCIPLINE AND ADMINISTRATIVE FINE) to the  
5 following persons by depositing the same in the U.S. Mail,  
6 certified, return receipt requested, on this 8 day of  
7 NOVEMBER, 2002.

8 TO:

9 Maryann Seltzer  
10 Corporate Secretary  
11 Farmers Insurance Exchange  
12 c/o Farmers Insurance Group  
13 4680 Wilshire Blvd  
14 Los Angeles, CA 90010-3807

15 Robert Cameron  
16 Gough, Shanahan  
17 P.O. Box 1715  
18 Helena, MT 59624-1715

19   
20 State Auditor's Office  
21  
22  
23  
24  
25  
26  
27  
28

# Hearing Examiner

DEC 05 2002

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	CASE NO. 2001-88
	)	
THE PROPOSED DISCIPLINARY	)	FIRST AMENDED NOTICE OF
TREATMENT OF FARMERS	)	PROPOSED AGENCY ACTION AND
INSURANCE EXCHANGE,	)	OPPORTUNITY FOR HEARING
	)	
Respondent.	)	
	)	
	)	
	)	

TO: Robert Cameron  
Gough, Shanahan  
P.O. Box 1715  
Helena, MT. 59624-1715

## PLEASE TAKE NOTICE

Staff of the Insurance Division of the office of the State Auditor and Commissioner of Insurance of the state of Montana (Commissioner), pursuant to the authority of the Insurance Code of Montana, Section 33-1-101, et seq., Montana Code Annotated (2001) (MCA), is proposing to the Commissioner that he take disciplinary action against the entities named above for violations of the Montana Code. The Commissioner has authority to take such action under the provisions of Sections 33-1-317 and 33-2-119, MCA.

Service of process is pursuant to section 33-1-314, MCA.

## REASONS FOR ACTION

There is reason to believe that the following facts, if



1 true, justify and support such disciplinary treatment.

2 ALLEGATIONS

3 1. On January 28, 2002, a Helena resident wrote Farmers  
4 Insurance Exchange asking why her insurance rate had gone up on  
5 policy [REDACTED] In a February 7, 2002, letter to the Helena  
6 resident, Doug Ashbridge, of Farmers Insurance Exchange, wrote  
7 that "Upon review of your policy, it was discovered that the  
8 increase in your policies was a result of your insurance bureau  
9 score." The specific reasons for the adverse underwriting  
10 decision were not given.

11 2. On February 12, 2002, a Deer Lodge resident wrote to  
12 Farmers Insurance Exchange asking why her insurance rates had  
13 gone up on policies [REDACTED] Farmers  
14 Insurance Exchange wrote a letter to Cheri Meier, Compliance  
15 Specialist for the State Auditor explaining in part that: "Our  
16 research shows that (the Deer Lodge resident's) premium is  
17 correct and due to a change in her insurance bureau score." The  
18 specific reasons for the adverse underwriting decision were not  
19 given.

20 3. On January 4, 2002, a Helena resident received her  
21 premium notice and an insert entitled "Fair Credit Reporting Act  
22 Notification" (Notification). The notice read in part:

23 Upon receipt of your written request, which must  
24 be made within 90 days from the date of mailing of  
25 the enclosed notice, we will specify the reason or  
reasons for this notice and the items of  
information that support our action, in writing.

1 . . . If the notice is caused by information  
2 collected from a consumer report, we will indicate  
3 this above and the following procedures will apply  
4 to you:\* . . . .

5 4. On January 23, 2002, the same Helena resident wrote  
6 Farmers Insurance Exchange asking why her insurance rates had  
7 gone up concerning policy # [REDACTED] On February 8, 2002,  
8 Farmers Insurance Group of Companies wrote back in part: "In  
9 addition, Farmers Insurance Group of Companies, like a number of  
10 other insurance companies, now uses a risk assessment model in  
11 this process. This risk assessment model produces an insurance  
12 score that provides a measure of future auto loss probabilities  
13 for an insured or applicant for insurance. This model utilizes a  
14 group of pre-selected characteristics derived from information on  
15 your credit report." The specific reasons for the adverse  
16 underwriting decision were not given.

17 5. On March 6, 2002, the same Helena resident sent another  
18 letter to Farmers Insurance Exchange requesting reasons for the  
19 increase in her premium. On March 15, Farmers sent back another  
20 letter which reads in part: "As mentioned in our previous  
21 correspondence, Farmers utilizes this score as part as part of  
22 the process of selecting and clarifying risks. . . . We do show  
23 that your insurance bureau score went from a "H" to a "K" thus  
24 reducing the discount applied from 24% to 11%. I hope this  
25 additional information helps to specifically clarify how your  
insurance bureau score has affected your overall premium." The

1 specific reasons for the adverse underwriting decision were not  
2 given.

3 6. On February 14, 2002, a Helena resident wrote Farmers  
4 Insurance Exchange asking why her insurance rates had gone up  
5 concerning policy [REDACTED]. Specifically, her automobile  
6 premium had gone up nearly 40%. On February 21, 2002, Farmers  
7 Insurance Exchange wrote back in part: "In addition, the Farmers  
8 Insurance Group of Companies, like a number of other insurance  
9 companies, now uses a risk assessment model in this process.  
10 This risk assessment model produces an insurance score that  
11 provides a measure of future auto loss probabilities for an  
12 insured or applicant for insurance. This model utilizes a group  
13 of pre-selected characteristics derived from information on your  
14 credit score." The specific reasons for the adverse underwriting  
15 decision were not given.

16 7. A Helena resident wrote Farmers Insurance Exchange  
17 asking why his insurance rates had gone up concerning policy  
18 [REDACTED]. The Helena resident never received a letter  
19 from Farmers with the specific reasons for adverse underwriting.  
20 In a letter to Compliance Specialist Cheri Meier, concerning the  
21 rate increase, Farmers fails to mention specific reasons for the  
22 adverse underwriting decision.

23 8. A Great Falls resident wrote the Montana Department of  
24 Insurance a letter dated October 16, 2001 complaining about the  
25 adverse underwriting decision by Farmers Insurance Exchange

1 concerning his automobile rates. He also called Farmers  
2 Insurance Exchange in February of 2002 with this same concern,  
3 asking for the specific reasons for the adverse underwriting  
4 decision. In a letter dated February 8, 2002, Farmers Insurance  
5 Exchange failed to give the specific reasons for the adverse  
6 underwriting decision.

7 9. On September 20, 2002, the Great Falls resident wrote  
8 Farmers Insurance Exchange asking for the specific reasons for  
9 the adverse underwriting decision concerning his three Farmers  
10 Insurance Exchange automobile policies and his Fire Insurance  
11 Exchange homeowners policy. In an October 9, 2002 letter,  
12 Farmers stated that there was no rate increase on July 30, 2002,  
13 but that there had been a rate increase on the Farmers Insurance  
14 Exchange and Fire Insurance Exchange policies on January 30,  
15 2002.

16 10. In the October 9, 2002 letter, Farmers gave four  
17 reasons for the adverse underwriting decision by Farmers  
18 Insurance Exchange in raising the rates:

19 a. Proportion of revolving balances to revolving credit  
20 limits is favorable;

21 b. Too many recent credit checks;

22 c. Favorable length of credit history; and

23 d. No past delinquency or favorable length of time since  
24 last delinquency.

25 11. In the October 9, 2002 letter, Farmers gave four

1 reasons for the adverse underwriting decision by Fire  
2 Insurance Exchange in raising the rates:

- 3 a. Favorable length of credit history;
- 4 b. Proportion of revolving balances to revolving  
5 credit limits is favorable;
- 6 c. Favorable number of finance accounts; and
- 7 d. Favorable number of recent credit checks.

8  
9 CONCLUSIONS

10 1. The State Auditor is the Commissioner of Insurance  
11 pursuant to section 2-15-1903, Mont. Code Ann.

12 2. The insurance department is under the control and  
13 supervision of the Commissioner pursuant to section 33-1-301,  
14 Mont. Code Ann.

15 3. A person may not transact a business of insurance in  
16 Montana or a business relative to a subject resident, located, or  
17 to be performed in Montana without complying with the applicable  
18 provisions of this code pursuant to section 33-1-102, Mont. Code  
19 Ann.

20 4. The Commissioner shall administer the Department of  
21 Insurance to protect insurance consumers pursuant to section 33-  
22 1-311, Mont. Code Ann.

23 5. In failing to provide the specific reasons for adverse  
24 underwriting decision when an insured has made a written demand,  
25 Farmers Insurance Exchange is in violation of section 33-19-303,

1 Mont. Code Ann.

2 6. The Fair Credit Reporting Act Notification is in  
3 violation of 33-19-303, Mont. Code Ann. in that it is not clear  
4 that Farmers is sending the Notification because of an adverse  
5 underwriting decision and it does not advise that it will give  
6 specific reasons for the adverse underwriting decision when a  
7 request is received in writing.

8 7. In failing to disclose specific reasons for an adverse  
9 underwriting decision when an insured has made a written demand,  
10 Farmers Insurance Exchange is using a practice that is unfair and  
11 that the commissioner has determined that a proceeding would be  
12 in the public interest pursuant to section 33-18-1003, Mont. Code  
13 Ann.

14 STATEMENT OF RIGHTS

15 You are entitled to a hearing and to respond to this notice  
16 and present evidence and arguments on all issues involved in this  
17 case. You may have a formal hearing before a hearing examiner  
18 appointed by the Commissioner. This is provided for by the  
19 Montana Administrative Procedure Act, sections 2-4-601, MCA, and  
20 following, including Section 2-4-631, MCA. If you demand a  
21 hearing, you will be given notice of the time, place and the  
22 nature of the hearing. Pursuant to section 33-1-701, the hearing  
23 shall be held within 45 days after receipt of the demand by the  
24 commissioner, unless postponed by mutual consent.

25 You have a right to be represented by an attorney at any and

1 all stages of this proceeding.

2 If you want to resist the proposed action under the  
3 jurisdiction of the Commissioner, you must so advise him within  
4 fifteen (15) days of the date you receive this notice. You may  
5 so advise him by writing to Kevin Phillips, Insurance Attorney,  
6 State Auditor's Office, 840 Helena Ave, Helena, Montana 59601.  
7 While so advising Mr. Phillips, you should make clear whether you  
8 demand a hearing, or whether you waive formal proceedings and, if  
9 so, what informal proceedings you prefer for handling this case.  
10 Pursuant to section 2-4-603(2), Mont. Code Ann., you may not  
11 request to proceed informally if the action could result in  
12 suspension, revocation or any other adverse action against a  
13 professional license.

14 Should you request a hearing, you have the right to be  
15 accompanied, represented, and advised by counsel. If the counsel  
16 you choose has not been admitted to practice law in the state of  
17 Montana, he or she must comply with the requirements of  
18 Application of American Smelting and Refining Co., (1973), 164  
19 Mont. 139, 520 P.2d 103.

20 CONTACT WITH INSURANCE COMMISSIONER'S OFFICE

21 If you have questions or wish to discuss this matter, please  
22 contact Kevin Phillips, legal counsel for the State Auditor, 840  
23 Helena Ave, Helena, MT, 59601, (406)444-3496 or, within Montana,  
24 (800)332-6148. If you are represented by an attorney, please make  
25 any contacts with this office through your attorney.



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

DATED this 4<sup>th</sup> day of December, 2002.

By: Kevin F. Phillips  
Kevin F. Phillips  
Insurance Attorney



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

TO:

*R. E. Miller*  
State Auditor's Office

Kevin Phillips  
Staff Attorney  
840 Helena Ave  
Helena, MT 59601  
(406) 444-2040

Attorney for the State Auditor

H. J. J.

SEP 10 2002

**Hearing Examiner**

SEP 10 2002

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	CASE NO. 2001-88
	)	
THE PROPOSED DISCIPLINARY	)	NOTICE OF PROPOSED AGENCY
TREATMENT OF FARMERS	)	ACTION AND OPPORTUNITY FOR
INSURANCE EXCHANGE,	)	HEARING
	)	
Respondent.	)	
	)	
	)	
	)	

TO: Maryann Seltzer  
Corporate Secretary  
Farmers Insurance Exchange  
c/o Farmers Insurance Group  
4680 Wilshire Blvd  
Los Angeles, CA 90010-3807

Robert Cameron  
Gough, Shanahan  
P.O. Box 1715  
Helena, MT. 59624-1715

PLEASE TAKE NOTICE

Staff of the Insurance Division of the office of the State  
Auditor and Commissioner of Insurance of the state of Montana  
(Commissioner), pursuant to the authority of the Insurance Code  
of Montana, Section 33-1-101, et seq., Montana Code Annotated

1 (2001) (MCA), is proposing to the Commissioner that he take  
2 disciplinary action against the entities named above for  
3 violations of the Montana Code. The Commissioner has authority  
4 to take such action under the provisions of Sections 33-1-317 and  
5 33-2-119, MCA.

6 Service of process is pursuant to section 33-1-314, MCA.

7 REASONS FOR ACTION

8 There is reason to believe that the following facts, if  
9 true, justify and support such disciplinary treatment.

10 ALLEGATIONS

11 1. On January 28, 2002, a Helena resident wrote Farmers  
12 Insurance Exchange asking why her insurance rate had gone up on  
13 policy [REDACTED]. In a February 7, 2002, letter to the Helena  
14 resident, Doug Ashbridge, of Farmers Insurance Exchange, wrote  
15 that "Upon review of your policy, it was discovered that the  
16 increase in your policies was a result of your insurance bureau  
17 score." The specific reasons for the adverse underwriting  
18 decision were not given.

19 2. On February 12, 2002, a Deer Lodge resident wrote to  
20 Farmers Insurance Exchange asking why her insurance rates had  
21 gone up on policies [REDACTED]. Farmers  
22 Insurance Exchange wrote a letter to Cheri Meier, Compliance  
23 Specialist for the State Auditor explaining in part that: "Our  
24 research shows that (the Deer Lodge resident's) premium is  
25 correct and due to a change in her insurance bureau score." The

1 specific reasons for the adverse underwriting decision were not  
2 given.

3 3. On January 4, 2002, a Helena resident received her  
4 premium notice and an insert entitled "Fair Credit Reporting Act  
5 Notification" (Notification). The notice read in part:

6 Upon receipt of your written request, which must  
7 be made within 90 days from the date of mailing of  
8 the enclosed notice, we will specify the reason or  
9 reasons for this notice and the items of  
10 information that support our action, in writing. .  
11 . . . If the notice is caused by information  
12 collected from a consumer report, we will indicate  
13 this above and the following procedures will apply  
14 to you:\* . . . .

11 4. On January 23, 2002, the same Helena resident wrote  
12 Farmers Insurance Exchange asking why her insurance rates had  
13 gone up concerning policy [REDACTED] On February 8, 2002,  
14 Farmers Insurance Group of Companies wrote back in part: "In  
15 addition, Farmers Insurance Group of Companies, like a number of  
16 other insurance companies, now uses a risk assessment model in  
17 this process. This risk assessment model produces an insurance  
18 score that provides a measure of future auto loss probabilities  
19 for an insured or applicant for insurance. This model utilizes a  
20 group of pre-selected characteristics derived from information on  
21 your credit report." The specific reasons for the adverse  
22 underwriting decision were not given.

23 5. On March 6, 2002, the same Helena resident sent another  
24 letter to Farmers Insurance Exchange requesting reasons for the  
25 increase in her premium. On March 15, Farmers sent back another

1 letter which reads in part: "As mentioned in our previous  
2 correspondence, Farmers utilizes this score as part as part of  
3 the process of selecting and clarifying risks. . . . We do show  
4 that your insurance bureau score went from a "H" to a "K" thus  
5 reducing the discount applied from 24% to 11%. I hope this  
6 additional information helps to specifically clarify how your  
7 insurance bureau score has affected your overall premium." The  
8 specific reasons for the adverse underwriting decision were not  
9 given.

10 6. On February 14, 2002, a Helena resident wrote Farmers  
11 Insurance Exchange asking why her insurance rates had gone up  
12 concerning policy #70 12943-18-99. Specifically, her automobile  
13 premium had gone up nearly 40%. On February 21, 2002, Farmers  
14 Insurance Exchange wrote back in part: "In addition, the Farmers  
15 Insurance Group of Companies, like a number of other insurance  
16 companies, now uses a risk assessment model in this process.  
17 This risk assessment model produces an insurance score that  
18 provides a measure of future auto loss probabilities for an  
19 insured or applicant for insurance. This model utilizes a group  
20 of pre-selected characteristics derived from information on your  
21 credit score." The specific reasons for the adverse underwriting  
22 decision were not given.

23 7. A Helena resident wrote Farmers Insurance Exchange  
24 asking why his insurance rates had gone up concerning policy  
25 [REDACTED] The Helena resident never received a letter

1 from Farmers with the specific reasons for adverse underwriting.  
2 In a letter to Compliance Specialist Cheri Meier, concerning the  
3 rate increase, Farmers fails to mention specific reasons for the  
4 adverse underwriting decision.

#### 5 6 CONCLUSIONS

7 1. The State Auditor is the Commissioner of Insurance  
8 pursuant to section 2-15-1903, Mont. Code Ann.

9 2. The insurance department is under the control and  
10 supervision of the Commissioner pursuant to section 33-1-301,  
11 Mont. Code Ann.

12 3. A person may not transact a business of insurance in  
13 Montana or a business relative to a subject resident, located, or  
14 to be performed in Montana without complying with the applicable  
15 provisions of this code pursuant to section 33-1-102, Mont. Code  
16 Ann.

17 4. The Commissioner shall administer the Department of  
18 Insurance to protect insurance consumers pursuant to section 33-  
19 1-311, Mont. Code Ann.

20 5. In failing to provide the specific reasons for adverse  
21 underwriting decision when an insured has made a written demand,  
22 Farmers Insurance Exchange is in violation of section 33-19-303,  
23 Mont. Code Ann.

24 6. The Fair Credit Reporting Act Notification is in  
25 violation of 33-19-303, Mont. Code Ann. in that it is not clear

1 that Farmers is sending the Notification because of an adverse  
2 underwriting decision and it does not advise that it will give  
3 specific reasons for the adverse underwriting decision when a  
4 request is received in writing.

5 7. In failing to disclose specific reasons for an adverse  
6 underwriting decision when an insured has made a written demand,  
7 Farmers Insurance Exchange is using a practice that is unfair and  
8 that the commissioner has determined that a proceeding would be  
9 in the public interest pursuant to section 33-18-1003, Mont. Code  
10 Ann.

#### 11 STATEMENT OF RIGHTS

12 You are entitled to a hearing and to respond to this notice  
13 and present evidence and arguments on all issues involved in this  
14 case. You may have a formal hearing before a hearing examiner  
15 appointed by the Commissioner. This is provided for by the  
16 Montana Administrative Procedure Act, sections 2-4-601, MCA, and  
17 following, including Section 2-4-631, MCA. If you demand a  
18 hearing, you will be given notice of the time, place and the  
19 nature of the hearing. Pursuant to section 33-1-701, the hearing  
20 shall be held within 45 days after receipt of the demand by the  
21 commissioner, unless postponed by mutual consent.

22 You have a right to be represented by an attorney at any and  
23 all stages of this proceeding.

24 If you want to resist the proposed action under the  
25 jurisdiction of the Commissioner, you must so advise him within

1 fifteen (15) days of the date you receive this notice. You may  
2 so advise him by writing to Kevin Phillips, Insurance Attorney,  
3 State Auditor's Office, 840 Helena Ave, Helena, Montana 59601.  
4 While so advising Mr. Phillips, you should make clear whether you  
5 demand a hearing, or whether you waive formal proceedings and, if  
6 so, what informal proceedings you prefer for handling this case.  
7 Pursuant to section 2-4-603(2), Mont. Code Ann., you may not  
8 request to proceed informally if the action could result in  
9 suspension, revocation or any other adverse action against a  
10 professional license.

11 Should you request a hearing, you have the right to be  
12 accompanied, represented, and advised by counsel. If the counsel  
13 you choose has not been admitted to practice law in the state of  
14 Montana, he or she must comply with the requirements of  
15 Application of American Smelting and Refining Co., (1973), 164  
16 Mont. 139, 520 P.2d 103.

#### 17 CONTACT WITH INSURANCE COMMISSIONER'S OFFICE

18 If you have questions or wish to discuss this matter, please  
19 contact Kevin Phillips, legal counsel for the State Auditor, 840  
20 Helena Ave, Helena, MT, 59601, (406)444-3496 or, within Montana,  
21 (800)332-6148. If you are represented by an attorney, please make  
22 any contacts with this office through your attorney.

#### 23 POSSIBILITY OF DEFAULT

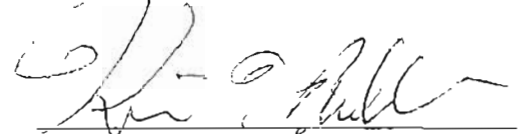
24 Failure to give notice or to advise of your demand for a  
25 hearing or form of informal procedure within twenty (20) days,



1 will result in the entry of a default order imposing the  
2 disciplinary sanctions against you and your license, all without  
3 any more notice to you, pursuant to 6.2.101, Administrative Rules  
4 of Montana and the Attorney General's Model Rule 10, 1.3.214.

5 DATED this 10<sup>th</sup> day of September, 2002.

6 JOHN MORRISON  
7 State Auditor and  
8 Commissioner of Insurance

9 By:   
10 Kevin F. Phillips  
11 Insurance Attorney  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 CERTIFICATE OF SERVICE

2 I hereby certify that I mailed a true and correct copy of  
3 the foregoing NOTICE OF PROPOSED AGENCY ACTION AND OPPORTUNITY  
4 FOR HEARING (LICENSE DISCIPLINE AND ADMINISTRATIVE FINE) to the  
5 following persons by depositing the same in the U.S. Mail,  
6 certified, return receipt requested, on this 10 day of  
7 September, 2002.

8 TO:

9 Maryann Seltzer  
10 Corporate Secretary  
11 Farmers Insurance Exchange  
12 c/o Farmers Insurance Group  
13 4680 Wilshire Blvd  
14 Los Angeles, CA 90010-3807

15 Robert Cameron  
16 Gough, Shanahan  
17 P.O. Box 1715  
18 Helena, MT. 59624-1715

19 *Parinda Wait*  
20 State Auditor's Office  
21  
22  
23  
24  
25

Roberta Cross Guns  
Don Harris  
Special Assistant Attorneys General  
840 Helena Ave  
Helena, MT. 59601  
(406) 444-2040

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	CASE NO. 2001-89
	)	
THE PROPOSED DISCIPLINARY	)	REPLY TO RESPONDENT'S
TREATMENT OF FARMERS	)	OPPOSITION TO MOTION FOR FINAL
INSURANCE EXCHANGE,	)	AGENCY DECISION
	)	
Respondent.	)	

---

COMES NOW, the Montana Department of Insurance ("Department"), by and through its legal counsel, Roberta Cross Guns and Don Harris, respectfully responding to Respondent's opposition to the Department's motion to accept the Hearing Examiner's Proposed Order Regarding Motion for Summary Judgment issued in this matter.

INTRODUCTION

Respondent's opposition is without merit for the following reasons:

1. The Department has never agreed to an unending negotiation period for settlement of this case.
2. The Department, in recognition of former counsel Kevin Phillips' stipulation, wrote a letter to Respondent's counsel indicating the law does not provide for reconsideration. Further, the Department's letter outlined the process provided for pursuant to the Montana Administrative Procedures Act (Title 2, Chapter 4, Part 6, MCA) for contested cases where a proposed order is issued.

3. Respondent erroneously asserts that summary judgment procedures are not part of the hearing process to which it is entitled.

4. Respondent further misstates the facts supporting the proposed order in an attempt to discredit the hearing examiner's findings and conclusions.

5. Finally, Respondent misleads this tribunal by ignoring the clear intent of the Insurance Code found at §§33-18-231 through 235, MCA. Importantly, Respondent's own lobbyist testified before the Montana legislature arguing against adding insurance lines other than medical to this series of statutes.

### LAW AND ARGUMENT

**1. Settlement negotiations are governed by agreement between the parties.**

There is no statutory provision governing the length of time allowed for settlement negotiations. There is no case law governing the length of time allowed for settlement negotiations. There are only agreements between parties, either oral or written, that govern the length of time allowed for settlement negotiations. In this case, the relevant agreement is found in a letter dated October 29, 2003 from Respondent's legal counsel to the Department's legal counsel, Kevin Phillips. Exhibit A to Respondent's Motion and Brief in Opposition. In that letter, Respondent clearly "acknowledges that the State Auditor's Office may revoke the open extension upon reasonable notice". *Id.*

The Department's legal counsel, Roberta Cross Guns, sent a letter to Respondent's legal counsel on or about February 18, 2004; a full 2 ½ months after formal mediation occurred between the parties. Exhibit A to Department's Motion for Final Agency Decision. In that letter, the Department took note of Respondent's letter from October of 2003, indicating two important points to Respondent. First, the Department indicated that a motion for

reconsideration was inappropriate, citing the relevant law for the correct procedure in addressing a proposed order for summary judgment. Secondly, the Department indicated a "reasonable notice" to Respondent was fifteen (15) days. The Department did not receive any further correspondence regarding this matter, either oral or written until early March when Respondent's legal counsel called and requested a two (2) or three (3) week extension to file exceptions and objections to the proposed order. The Department declined to agree to such a lengthy extension, but did agree to an extension of several days. Finally, the Department filed its motion for the issuance of a final agency decision a month after sending its letter to Respondent and receiving no response.

The facts set forth above are telling. Respondent was given reasonable notice of the termination of the open-ended extension for filing a motion for reconsideration of the proposed order now in question. Furthermore, Respondent was given more than reasonable notice that a motion for reconsideration was not proper and the Department cited the relevant and appropriate procedure for Respondent. Respondent's cry of "foul" is without merit on this point and should be deemed as such with the issuance of a final agency decision adopting the proposed order for summary judgment in the Department's favor.

**2. Summary judgment is a procedure by which a party's case may be heard, in compliance with the constitutional and statutory due process rights.**

When summary judgment is granted, the losing party cannot then claim that it was deprived of its due process right to a hearing. This issue was before the Supreme Court of Montana in *In re Peila* (1991), 249 Mont. 272, 815 P.2d 139. In that case, the Court observed:

Procedural due process requires that parties be given reasonable notice and a reasonable opportunity to be heard; these process requirements are reflected in MAPA in §§ 2-4-601, and 2-4-612(1), MCA. *Section 2-4-612(1), MCA*, provides that "[o]ppportunity shall be afforded all parties to respond and present evidence and argument on all issues involved. However, due process does not require

development of facts through an evidentiary hearing when there are no material factual issues in dispute.”

*Peila*, 249 Mont. at 280-81, 815 P.2d at 144. In the instant case, when given the opportunity to contest the Department’s allegations, Respondent failed to demonstrate a material factual issue in dispute. Thus, it was Respondent’s own failure to rebut the Department’s evidence that made a further hearing unnecessary. As indicated by the Supreme Court in *Peila*, Respondent’s rights were adequately protected by the process used in resolving this case.

Constitutional procedural due process concerns and the Montana Administrative Procedures Act require that a party be given the *opportunity* for a hearing and the *opportunity* to respond and present evidence and argument on all issues involved. It is up to the parties to take advantage of the opportunities afforded them. Thus, summary judgment is one aspect of the opportunity to be heard.

Respondent availed itself of the opportunity to submit a brief in opposition to the Department’s motion for summary judgment. The Department, believing that it was entitled to judgment as a matter of law as there were no genuine issues of material fact in dispute, moved for summary judgment pursuant to Rule 56 of the Montana Rules of Civil Procedure. The Department’s motion was supported by the affidavits of Kim Hewitt and Pam Weitz. Their sworn statements were in turn supported by documentary evidence acquired by the Department through its investigation and through the discovery process provided for under § 2-4-602, Mont. Code Ann. (2003), as well as Montana’s Rules for Civil Procedure.

In response to the Department’s motion, Respondent had the burden to show “by more than mere denial and speculation, that a genuine issue d[id] exist.” *Elk v. Healthy Mothers, Healthy Babies, Inc.*, 2003 MT 167, ¶ 11, 316 Mont. 320, 323, 73 P.3d 795, 797. Respondent failed to satisfy this burden. Hearing Examiner’s Proposed Order Regarding Motion for



Summary Judgment 5 (Aug. 20, 2003) (hereafter "Proposed Order"). Additionally, Rule 56(e), Mont. R. Civ. P., provides that

[w]hen a motion for summary judgment is made and supported . . . , an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response , by affidavits . . . , must set forth specific facts showing that there is a genuine issue for trial. If the adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

In support of its brief, Respondent submitted an unexecuted and unsworn statement by Gary Dempsey, the Branch Claims Manager of Farmers' Billings office. In spite of the procedural defects related to Respondent's submission of the Dempsey affidavit, the Hearing Examiner allowed it to be admitted and considered as a "statement." Proposed Order 5. Nonetheless, Dempsey's statement on behalf of Respondent contained "conclusory" assertions which were "unsubstantiated by any specific or demonstrative factual underpinnings whatsoever." *Id.* As a result of Respondent's failure to set forth specific facts showing there was a genuine issue for trial, the evidence put forth by the Department was "demonstrably unrefuted," and there was "nothing 'material' on which reasonable minds could differ." *Id.* at 6. With no evidence to rebut the Department's evidence of undue delay in handling the claims at issue in the instant case, the Hearing Examiner determined the Department was entitled to judgment as a matter of law. *Id.* at 6-7.

The Department maintains that Respondent was afforded the promised opportunities as part of the formal contested case resolution process provided for under Montana Code Annotated § 2-4-601, *et seq.*, but lost on the merits as reflected in the Proposed Order. Given every opportunity to demonstrate the existence of a genuine issue of material fact and avoid summary judgment, Respondent failed, obviating the necessity of a further evidentiary hearing on the merits of the case.

### 3. The Proposed Order is Not Contrary to Settled Principles of Summary Judgment.

As noted above, summary judgment requires a showing that “there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.” Mont. R. Civ. P. 56(c). Where a motion has been properly supported, the opponent’s mere allegations and denials will not suffice to create a genuine issue where none exists. The opponent’s response “must set forth specific facts showing that there is a genuine issue for trial.” *Willson v. Taylor* (1981), 194 Mont. 123, 129, 634 P.2d 1180, 1184. “The opposing party’s facts must be material and of a substantial nature, not fanciful, frivolous, gauzy, nor merely suspicious.” *Willson*, 194 Mont. at 130, 634 P.2d at 1180. In the instant case, summary judgment was appropriate because the Department made an affirmative showing, by affidavit and otherwise, that Respondent did not promptly settle the claims at issue, and Respondent failed to set forth specific facts contravening the Department’s evidence.

Through the Affidavits of Kim Hewitt and Pam Weitz and the documents supporting them, the Department has demonstrated that it takes approximately twice as long for Respondent to settle claims where loss of use is not an issue as it does for the company to settle claims where loss of use was an issue from the beginning. *See* Affidavit of Kim Hewitt ¶¶ 10-11; Proposed Order 7. In response to this fact, Respondent submitted a defective affidavit containing “conclusory” assertions by Billings Branch Office Claims Manager Gary Dempsey which were “unsubstantiated by any specific or demonstrative factual underpinnings whatsoever.” Proposed Order 5. As a result of Respondent’s failure to set forth specific facts showing that there was a genuine issue for trial, the evidence put forth by the Department was “demonstrably unrefuted,” and there was “nothing ‘material’ on which reasonable minds could differ.” *Id.* at 6



With no genuine issue of material fact, the Hearing Examiner had only to determine whether the Department was entitled to judgment as a matter of law on the basis of the facts in evidence. On the basis of the “statistical pattern” of the evidence, *id.*, the Hearing Examiner concluded that Respondent’s handling of the claims at issue “certainly [was] not ‘prompt’ as required by statute.” *Id.* Therefore, the Department was entitled to and was properly granted judgment as a matter of law in the Hearing Examiner’s Proposed Order.

4. **The appropriate sanction in this case is \$25,000 per violation, as set forth in Section 33-1-317, MCA.**

Respondent eloquently and correctly argues that the specific statute governs the general statute. In this case the specific statute for which Respondent argues is §33-18-233 (2), MCA. If this were a case involving the payment of medical benefits, Respondent would be correct. Specifically, §33-18-231, MCA, in its title line indicates this is the process for “timely payment of **medical benefits**”. Emphasis added. The very first sentence of §33-18-231, MCA, indicates it applies to 33-18-231 through 33-18-235. This definitional statute further indicates the term “insurer” for these specific statutory provisions “means any insurer as that term is defined by this title [Title 33] . . . that sells or offers for sale insurance policies, subscriber contracts, certificates, or agreements by which the offerer promises to pay **medical benefits** . . .”. Emphasis added.

The case here is about paying benefits for property or casualty claims, not medical benefits. Interestingly, when the legislature attempted to add property and casualty insurance to the definition found in §33-18-231, MCA, the insurance industry lobbyists, including Dwight Easton from Respondent company, blocked that language. Exhibit 1.

Clearly, Respondents argument is correct in how the law should be construed and applied. In this case, the law is equally clear that §33-18-233 (2), MCA does not apply. The fine imposed by the hearing examiner was certainly within the boundaries set by the appropriate

statute: §33-1-317, MCA. Respondents argument that any other penalty statute applies to either the facts or law of this case is erroneous, flawed and without merit.

### CONCLUSION

Respondent's opposition to the Department's motion for final agency decision is completely without merit. The Department appropriately revoked the open-ended extension for raising objections to the proposed order for summary judgment pursuant to Respondent's letter of October 2003. The appropriate procedure for objecting to a proposed order was identified for Respondent, and ignored. The hearing examiner correctly applied the summary judgment law to this case, granting summary judgment in the Department's favor. The hearing examiner correctly applied the applicable penalty statute to this case, granting the Department's requested fine of \$25,000 per violation.

The Department's motion should be granted by issuance of a final agency decision adopting the hearing examiner's proposed order.

Respectfully submitted this 11th day of May 2004.



Don Harris  
Special Assistant Attorney General  
Attorney for the Commissioner

CERTIFICATE OF SERVICE

I hereby certify that I mailed a true and correct copy of the foregoing to the following persons by depositing the same in the U.S. Mail, on this 11 day of May 2004.

TO: Robert Cameron  
Gough, Shanahan, Johnson & Waterman  
33 South Last Chance Gulch  
P.O. Box 1715  
Helena, MT 59624

Michael J. Reiley  
Hearings Examiner  
PO Box 1211  
Helena, MT 59624

John Morrison  
State Auditor & Commissioner of Insurance  
840 Helena Ave.  
Helena, MT 59601

  
State Auditor's Office

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA


IN THE MATTER OF: ) CASE NO.2001-89  
)  
THE PROPOSED DISCIPLINARY ) A F F I D A V I T  
TREATMENT OF FARMERS INSURANCE )  
EXCHANGE, )  
)  
Respondent. )  
  
STATE OF MONTANA )  
: ss.  
County of Lewis and Clark )

Rosann Grandy, Policyholder Services, being duly sworn says:

1. I followed a bill to amend §33-18-231, MCA, during the last legislative session (2003). This was performed as part of my regular duties for the State Auditor's Office(SAO);
2. I attended hearings and informed the appropriate members of the SAO regarding the progress of the bill to amend §33-18-231;
3. The SAO had proposed adding language to the definitions of this part of the Insurance Code that would include property and casualty insurance business;
4. The proposed language to include these two insurance business lines failed to pass due to the lobbying efforts by the insurance industry;

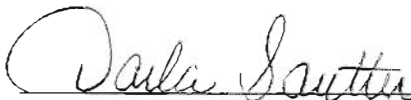


5. Dwight Easton was present at the hearings on this bill during the 2003 session.

  
Rosann Grandy  
Policyholder Services  
Insurance Department

SUBSCRIBED AND SWORN to before me this 4 day of  
May, 2004.

(Notarial Seal)

  
Notary Public for the State of Montana  
Residing at Helena, Montana  
My commission expires 4/14/06.

\$75,000.00  
2/18/05

BEFORE THE MONTANA STATE AUDITOR  
AND COMMISSIONER OF INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	Case Nos. 2001-68, 2001-89
	)	2001-88, 2002-37, 2003-42
THE PROPOSED DISCIPLINARY	)	
TREATMENT OF FARMERS GROUP	)	Consent Agreement
INC.	)	
	)	
Respondent.	)	

WHEREAS, the Montana Insurance Commissioner (Commissioner), pursuant to the authority of the Insurance Code of Montana, §§33-1-101, et seq., MCA (2001), has determined that there is reason to believe that the allegations set forth in the various Notices of Proposed Agency Actions in the above-captioned matters (Agency Actions), if true, justify and support disciplinary treatment;

WHEREAS, Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Farmers Insurance Company, and Mid-Century Insurance Company (Farmers) has denied that disciplinary treatment is justified with respect any of the Agency Actions;

WHEREAS, after exhaustive investigation and numerous settlement conferences, the Commissioner and Farmers, in the interest of fully resolving these Agency Actions, enter into the following:

1  
2  
3  
4  
5  
6  
7  
8  
9  
0  
1  
2  
3  
4  
5  
6  
7  
8  
9  
0

The parties hereby jointly and mutually consent and agree as follows:

A. Farmers hereby acknowledges its responsibility and obligation to comply with the Insurance Code of Montana. In the event of future investigations or other agency actions not related to those which are the subject of this Agreement, this acknowledgment will not be used as a separate or additional basis for any action.

B. Farmers waives its right to any hearings on the Agency Actions.

C. Farmers understands that the Consent Agreement is part of the Commissioner's files, and is, therefore, a public record.

D. The Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied.

E. The Consent Agreement reflects the parties' interests in resolving disputed claims.

F. If any provision of the Consent Agreement is determined by a court of competent jurisdiction to be void, illegal, or otherwise unenforceable, Farmers subsequent non-compliance with that provision will not constitute breach of the Consent Agreement.

G. Pursuant to statutory authority, the Commissioner hereby agrees that the Commissioner will not initiate any civil or administrative action against Farmers regarding the allegations contained in the Agency Actions. The Commissioner further agrees that the Commissioner will not initiate any civil or administrative action against Farmers regarding the subject matter or results of the target market conduct examination regarding credit, covering the period from September 1, 2001 through September 1, 2002. The Commissioner will not refer the allegations or evidence underlying the allegations for criminal prosecution to any other agency. Farmers fully and forever releases and discharges the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action.

1 demands or expenses for damages or injuries that may arise from the allegations underlying this  
2 Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising  
3 out of the Agency Actions.

4 H. Any press release, publication, or other public dissemination of any term  
5 or condition in the Consent Agreement, other than as required by Montana law, shall be by press  
6 release jointly issued by the parties or as otherwise agreed by the parties in writing.

7 I. The Commissioner agrees to dismissal with prejudice of the Agency  
8 Actions.

9 J. The commissioner, pursuant to authority of the Insurance Code of  
10 Montana and the applicable statutes found in the Montana Administrative Procedures Act, agrees  
11 that if the terms and conditions of the Consent Agreement are fully met, the Commissioner will  
12 not initiate any civil, administrative or other judicial proceeding against Farmers regarding the  
13 allegations contained in the Agency Actions. In consideration for the Commissioner's dismissals  
14 of the Agency Actions, Farmers fully and forever releases and discharges the Office of the State  
15 Auditor's employees from any and all actions, claims, causes of actions, demands, or expenses  
16 for damages or injuries, arising from the Agency Actions.

17 K. Farmers will pay an administrative fine of \$75,000 to the State of  
18 Montana.

## 19 II. AGREEMENT TO SPECIFIC MATTERS

20 A. CREDIT SCORING. Farmers agrees to implement and/or continue with the  
21 provisions pertaining to credit scoring as set forth below:

22 1. Farmers will not use collection accounts with a medical industry code if so  
23 identified on the consumer's credit report in determination of a credit score.

24 2. Farmers will not use any of the following to determine a credit score:

25 a. Income



- b. Gender
- c. Address
- d. Zip code
- e. Ethnic group
- f. Religion
- g. Martial status
- h. Nationality

3. Farmers will not cancel or non-renew as a result of a credit score deterioration.

4. Farmers will not take adverse action in rating or underwriting against persons on the basis of a lack of credit information.

5. Farmers will not use a pricing model that relies solely on credit, and that does not consider other factors.

6. Farmers will not use the following negative factors in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a policy of personal insurance:

i). Multiple credit inquiries in a 30-day period will be considered as one, having no impact on a credit score for credit shopping, if such inquiries are coded by the consumer reporting agency on the consumer's credit report as being either from (a) the home mortgage industry, or (b) the automobile lending industry.

7. Farmers will continue to provide up to four reason codes on request and, in addition, Farmers will continue to automatically provide reason codes when a FCRA adverse action notice is generated and sent.

8. Farmers will only use credit scores less than 90 days old for new business, new household.

1           9.     Farmers will only use credit scores less than 36 months old for renewals,  
2 unless the insured is already placed in the best tier; and Farmers may use a credit score older than  
3 36 months only if it would benefit the insured. Farmers will only apply a new credit score if it  
4 has improved for new business with an existing household or for renewals.

5           10.    During a business transaction with an existing insured or a renewal  
6 transaction, any change in credit score will not adversely affect premiums associated with the  
7 existing policy or policies, subject to the provisions of § 33-15-1108, MCA. This paragraph is  
8 not intended by the parties to modify the obligations of § 33-15-1108, MCA.

9           11.    Nothing in the Consent Agreement will be construed as a restriction or  
10 limitation on any future efforts of the Commissioner to address the credit scoring issue through  
11 research, market exam, legislation or rule-making consistent with state and federal laws.

12         B.     HOMEOWNERS PLUS. Farmers agrees to pay the M.T.'s claim in full, in the  
13 amount of \$835.00. No release will be required from M.T. for the payment of this claim.

14         C.     IDENTITY THEFT. Farmers agrees that any customer who discovers that they  
15 have experienced identity theft will be entitled to recalculation of the customer's credit score at  
16 no cost to the customer. If the recalculation results in a higher credit score than the customer  
17 enjoyed prior to the identity theft, the customer will be entitled to an adjustment of the premium  
18 rate, retroactive to the use of any adverse action resulting from the theft. If the recalculation  
19 results in no change to the customer's credit score, no adjustment to the premium rate will be  
20 made. The parties acknowledge that Farmers is not responsible for correcting a customer's credit  
21 report.

22  
23 ///

24  
25 ///

1 Stipulated and consented to on this 26<sup>th</sup> day of January 2005.

2 FARMERS INSURANCE COMPANY, INC.  
3 Farmers Group Inc, d.b.a. Farmers Underwriters Assoc.  
4 Attorney-In-Fact for Farmers Insurance Company, Inc.

5 By: Bennett L. Kott  
6 Title: AUP

7 Subscribed and sworn to before me this 26<sup>th</sup> day of January 2005.

8 (SEAL)



9 Hazel Bautista  
10 Notary Public for the State of California  
11 (Print) HAZEL BAUTISTA  
12 Residing at Signal Hill, CA 90755  
13 My commission expires Dec. 5, 2008

14 Dated this 28<sup>th</sup> day of January 2005.

15 JOHN MORRISON, STATE AUDITOR

16 Roberta Cross Guns

17 By: Roberta Cross Guns  
18 Title: Special Assistant Attorney General

19 Subscribed and sworn to before me this 28<sup>th</sup> day of January 2005.

20 (SEAL)

21 Mary Ann Thorson

22 Notary Public for the State of Montana

23 (Print) Mary Ann Thorson

24 Residing at Helena

25 My commission expires 11/16/2006

# NOTICE OF REGULATORY ACTIVITY (RIRS)

For submission of regulatory actions reported to the NAIC.

## ENTITY INFORMATION

Entity name, address and a numeric identifier (CoCode, AA/FEIN, SSN, Entity Number or National Producer Number) are required.

Entity Name: **FIRE INSURANCE EXCHANGE** State ID: **1015700**  
(for Individual Name key in Last Name, First Name, Middle Name and Suffix if available)

NAIC Entity No: **21660** NAIC CoCode: **69** AA/FEIN: **95 - 6235715**

Entity Type Code: **F** ☒ **R** ☐ **M** ☐ **I** ☐ **N** ☐ **D** ☐  
(select one)

Entity Function Code: **UDI - U.S.** **D** **O** **B** **S** **S** **N** **-** **-**  
(listed on back)

Addr: **P.O. BOX 2478 468** Line 2 Addr: Line 3 Addr:  
City: **LOS ANGELES** State: **CA** Zip: **90051 -** Phone: **( 323 ) 932 - 3200**

## ACTION INFORMATION

### ORIGIN OF ACTION

Check at least one item in the section below - maximum 4

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> (1005) Complaint Investigation             | <input type="checkbox"/> (1020) Insurer Report      | <input type="checkbox"/> (1045) Combined Exam               |
| <input checked="" type="checkbox"/> (1007) Field Investigation                 | <input type="checkbox"/> (1023) Statistical Filing  | <input type="checkbox"/> (1050) Bankruptcy Notices          |
| <input type="checkbox"/> (1008) Public Inquiry                                 | <input type="checkbox"/> (1025) Legal               | <input type="checkbox"/> (1055) Third Party Information     |
| <input type="checkbox"/> (1010) Routine Dept. Action                           | <input type="checkbox"/> (1030) Market Conduct Exam | <input type="checkbox"/> (1060) Licensing Administration    |
| <input type="checkbox"/> (1015) Other States Action                            | <input type="checkbox"/> (1035) Financial Exam      | <input type="checkbox"/> (1063) Background Check            |
| <input type="checkbox"/> (1018) Information/Referral from Another state Agency | <input type="checkbox"/> (1040) Workers Comp Exam   | <input type="checkbox"/> (1065) Other (enter up to 50 char) |

\* If checked you must enter description.

### REASON FOR ACTION

Check at least one item in the section below - maximum 20

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> (2005) Underwriting                                      | <input type="checkbox"/> (2040) Failure to Timely File                             | <input type="checkbox"/> (2075) Failure to report other state action      |
| <input type="checkbox"/> (2010) Marketing & Sales                                 | <input type="checkbox"/> (2042) Failure to Pay Child Support                       | <input type="checkbox"/> (2080) Dissolution                               |
| <input type="checkbox"/> (2012) Life Insurance Replacement Violation              | <input type="checkbox"/> (2045) Rebating   | <input type="checkbox"/> (2085) Failure to pay tax                        |
| <input type="checkbox"/> (2014) Misrepresentation of Insurance Product/Policy     | <input type="checkbox"/> (2050) Rate Violation                                     | <input type="checkbox"/> (2090) Failure to pay fine                       |
| <input checked="" type="checkbox"/> (2015) Claim Handling                         | <input type="checkbox"/> (2053) Use of Unapproved Forms                            | <input type="checkbox"/> (2095) Failure to pay assessment                 |
| <input type="checkbox"/> (2020) Policyholder Service                              | <input type="checkbox"/> (2055) No License   | <input type="checkbox"/> (2097) Bail Bond Forfeiture Judgement            |
| <input type="checkbox"/> (2025) Advertising                                       | <input type="checkbox"/> (2056) Demonstrated Lack of Fitness or Trustworthiness    | <input type="checkbox"/> (2100) No Certificate of Authority               |
| <input type="checkbox"/> (2026) Premium Finance Act Violation                     | <input type="checkbox"/> (2058) Misstatement on Application                        | <input type="checkbox"/> (2101) Certification Violation                   |
| <input type="checkbox"/> (2027) Surplus Lines Violation                           | <input type="checkbox"/> (2059) Failure to Make Required Disclosure on application | <input type="checkbox"/> (2102) Unauthorized Insurance Business           |
| <input type="checkbox"/> (2028) TPA Violation                                     | <input type="checkbox"/> (2060) Not Appointed                                      | <input type="checkbox"/> (2103) Fiduciary Violation                       |
| <input type="checkbox"/> (2029) Unfair Insurance Practices Act Violation          | <input type="checkbox"/> (2061) Selling for Unlicensed Insurer                     | <input type="checkbox"/> (2104) Failure to Remit Premiums to insurer      |
| <input type="checkbox"/> (2030) Failure to meet Continuing Education Requirements | <input type="checkbox"/> (2062) Allowed Business from Agent Not Appointed/Licensed | <input type="checkbox"/> (2105) Misappropriation of Premium               |
| <input type="checkbox"/> (2032) Continuing Education Requirements Met             | <input type="checkbox"/> (2063) Employed Unlicensed Individuals                    | <input type="checkbox"/> (2106) Forgery                                   |
| <input type="checkbox"/> (2035) Failure to Respond                                | <input type="checkbox"/> (2064) Paid Commissions to Unappointed Agents             | <input type="checkbox"/> (2107) Criminal Record/History                   |
| <input type="checkbox"/> (2036) Late or Incomplete Response                       | <input type="checkbox"/> (2065) Notice of Financial Impairment from another state  | <input type="checkbox"/> (2108) Criminal Proceedings                      |
| <input type="checkbox"/> (2037) Failure to Notify Department of Address Change    | <input type="checkbox"/> (2070) Financial Impairment                               | <input type="checkbox"/> (2110) Reconsideration                           |
| <input type="checkbox"/> (2038) Failure to Comply with Previous Order             | <input type="checkbox"/> (2072) Cure of Financial Impairment                       | <input checked="" type="checkbox"/> (2115) Other (enter up to 50 char)    |
| <input type="checkbox"/> (2039) Failure to Maintain Books & Records               | <input type="checkbox"/> (2074) Other States Action                                | <input checked="" type="checkbox"/> <b>IMPROPER USE OF CREDIT SCORING</b> |

\* If checked you must enter description.

# Continue form on reverse side

## DISPOSITION

Check at least one item in the section below - maximum 4

<input type="checkbox"/> (3001) License, Denied	<input type="checkbox"/> (3028) Certificate of Authority, Expired	<input type="checkbox"/> (3065) Show Cause
<input type="checkbox"/> (3003) License, Suspended	<input type="checkbox"/> (3029) Certificate of Authority, Probation	<input type="checkbox"/> (3070) Re-exam
<input type="checkbox"/> (3004) License, Cancelled	<input type="checkbox"/> (3031) Certificate of Authority, Reinstated	<input type="checkbox"/> (3075) Rescission of
<input type="checkbox"/> (3006) License, Revoked	<input type="checkbox"/> (3034) Certificate of Authority, Surrendered	<input type="checkbox"/> (3076) Involuntary Forfeiture
<input type="checkbox"/> (3009) License, Probation	<input type="checkbox"/> (3036) Certificate of Authority, Other (enter up to 50 char)	<input type="checkbox"/> (3078) Restitution
<input type="checkbox"/> (3010) License, Conditional		<input type="checkbox"/> (3079) Suspended from writing new business; renewals ok
<input type="checkbox"/> (3011) License, Supervision	<input type="checkbox"/> (3042) Cease and Desist from Violations	<input type="checkbox"/> (3080) Supervision
<input type="checkbox"/> (3012) License, Reinstatement	<input type="checkbox"/> (3043) Cease and Desist from all Insurance Activity	<input type="checkbox"/> (3085) Rehabilitation
<input type="checkbox"/> (3013) License, Granted	<input checked="" type="checkbox"/> (3045) Consent Order	<input type="checkbox"/> (3090) Liquidation
<input type="checkbox"/> (3014) License, Surrendered	<input type="checkbox"/> (3046) Stipulated Agreement/Order	<input type="checkbox"/> (3095) Conservatorship
<input type="checkbox"/> (3015) License, Voluntarily Surrendered	<input type="checkbox"/> (3047) Previous Order Vacated	<input type="checkbox"/> (3100) Receivership
<input type="checkbox"/> (3016) License, Other (50 Char)	<input type="checkbox"/> (3048) Ordered to provide requested information	<input type="checkbox"/> (3101) Ancillary Receivership
<input type="checkbox"/> (3021) Certificate of Authority, Denied	<input type="checkbox"/> (3050) Temporary Restraining Order	<input checked="" type="checkbox"/> (3102) Monetary Penalty
<input type="checkbox"/> (3023) Certificate of Authority, Suspended	<input type="checkbox"/> (3055) Reprimand	<input type="checkbox"/> (3103) Aggregate Monetary Penalty
<input type="checkbox"/> (3025) Certificate of Authority, Suspension Extended	<input checked="" type="checkbox"/> (3060) Hearing Waiver	<input type="checkbox"/> (3104) Settlement
<input type="checkbox"/> (3026) Certificate of Authority, Revoked		<input type="checkbox"/> (3105) Other (you must enter up to 50 char)

## Complete as needed

Time or Length of Order: ( ) (If DAYS, enter number of days) Penalty/Fine/Forfeiture \$ **75000** Enter amount in whole dollars only. Do not use punctuation.  
 \* Length of time required for Suspensions, Probations and Supervisions.

## Required, please complete

Action Date: 1/26/2005 Effective Date: 1/28/2005 File Reference # '01-68,88,89, '02-37 & 38

## CONTACT INFORMATION

Required, Please complete.

Action State MT Contact Name: Last Cross Guns First: Roberta MI:   
 Phone: ( 406 ) 444 - 2040 e-mail address: rcguns@mt.gov

Mail completed form to: NAIC, RIRS, 2304 McGee Suite 800 Kansas City, Mo 64108  
 Or  
 Fax completed form to: NAIC, RIRS, 816.460.7510 or e-mail to: [mktdata@naic.org](mailto:mktdata@naic.org) (Re: RIRS)

## ENTITY FUNCTION CODES

Code	Description	Code	Description	Code	Description
ADJ	Adjuster/Appraiser	KEE	Key Employee	RRF	Risk Retention Group
AIR	Alien Insurer/Reinsurer	MET	MET/MEWA	SCY	Security
CAI	Captive Insurer	MGA	Managing General Agent	SEC	Secretary
CEO	Chief Executive Officer	OFF	Officer	SEI	Self Insured
COO	Chief Operating Officer	OTH	Other	STF	State Funded
DIT	Director/Trustee	PFC	Premium Finance Co.	TPA	Third Party Administrator
EMP	Employee	PRE	President	UDI	U.S. Domestic Insurer
HCP	Health Care Provider	PRI	Principal/Owner	UNK	Unknown
HMO	Health Maintenance Org.	PRO	Producer (agency, brokerage etc)	URO	Utilization Review Org.



Company		Tax Recon		Reports		More Rpts	
NAIC #	21660	NAIC Group	69	FEIN #	95-6235715	Dom.	CA
ID	1015700						
Name	FIRE INSURANCE EXCHANGE						
DBA							
C of A	Type	Number	Ext	Comments			
Montana	Business	323-932-3200		Main admin. office			
License	Fax	323-932-3747					
Info.							
Montana Admiss							
Ratings	Best						
Complaint Rati							
ALL CO NAMES - CUR, DBA, PREV		NOTE	LINES	PRINT LICENSE	PREVIOUS NAME		

<< < > >> Add Query Save Close

Company		Tax Recon		Reports		More Rpts				
NAIC #	21860	NAIC Group	69	FEIN #	95-6235715	Dom.	CA	ID	1015700	
Name	FIRE INSURANCE EXCHANGE									
DBA										
C of A	Co Type	Eff	Susp	Term	Comments	Lic ID				
Montana	Property and Cas	06/05/1950				140753				
License Info.										
Montana Admission Date	06/05/1950		Incorporated Date							
Ratings	Best's	A	Yr	2005	S&P		Yr	Moody's		Yr
Complaint Ratio		Yr	Commence Business in Domicile							
ALL CO NAMES - CUR, DBA, PREV		NOTE		LINES		PRINT LICENSE		PREVIOUS NAME		

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close



Company Tax Recon Reports More Rpts

NAIC # 21660 NAIC Group 69 FEIN # 95-6235715 Dom. CA ID 1015700

Name FIRE INSURANCE EXCHANGE

DBA

Type	Address	City	St	Zip
Mailing	PO BOX 2478 468	LOS ANGELES	CA	90051

Mail Lic

☒ ☐

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close



# NOTICE OF REGULATORY ACTIVITY (RIRS)

For submission of regulatory actions reported to the NAIC.

## ENTITY INFORMATION

Entity name, address and a numeric identifier (CoCode, AA/FEIN, SSN, Entity Number or National Producer Number) are required.

Entity Name: **TRUCK INSURANCE EXCHANGE** State ID: **1039500**  
(for Individual Name key in Last Name, First Name, Middle Name and Suffix if available)

NAIC Entity No: **21709** NAIC CoCode: **69** AA/FEIN: **95 - 2575892**

Entity Type Code: F ☐ R ☒ M ☐ I ☐ N ☐ D ☐ Entity Function Code: D ☐ O ☐ B ☐ S ☐ S ☐ N ☐ **UDI - U.S.**

Addr: **P.O. BOX 2478 468** Line 2 Addr: Line 3 Addr:

City: **LOS ANGELES** State: **CA** Zip: **90051 -** Phone: **( 323 ) 932 - 3200**

## ACTION INFORMATION

### ORIGIN OF ACTION

Check at least one item in the section below - maximum 4

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> (1005) Complaint Investigation             | <input type="checkbox"/> (1020) Insurer Report      | <input type="checkbox"/> (1045) Combined Exam               |
| <input checked="" type="checkbox"/> (1007) Field Investigation                 | <input type="checkbox"/> (1023) Statistical Filing  | <input type="checkbox"/> (1050) Bankruptcy Notices          |
| <input type="checkbox"/> (1008) Public Inquiry                                 | <input type="checkbox"/> (1025) Legal               | <input type="checkbox"/> (1055) Third Party Information     |
| <input type="checkbox"/> (1010) Routine Dept. Action                           | <input type="checkbox"/> (1030) Market Conduct Exam | <input type="checkbox"/> (1060) Licensing Administration    |
| <input type="checkbox"/> (1015) Other States Action                            | <input type="checkbox"/> (1035) Financial Exam      | <input type="checkbox"/> (1063) Background Check            |
| <input type="checkbox"/> (1018) Information/Referral from Another state Agency | <input type="checkbox"/> (1040) Workers Comp Exam   | <input type="checkbox"/> (1065) Other (enter up to 50 char) |

\* If checked you must enter description.

### REASON FOR ACTION

Check at least one item in the section below - maximum 20

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> (2005) Underwriting                                      | <input type="checkbox"/> (2040) Failure to Timely File                             | <input type="checkbox"/> (2075) Failure to report other state action      |
| <input type="checkbox"/> (2010) Marketing & Sales                                 | <input type="checkbox"/> (2042) Failure to Pay Child Support                       | <input type="checkbox"/> (2080) Dissolution                               |
| <input type="checkbox"/> (2012) Life Insurance Replacement Violation              | <input type="checkbox"/> (2045) Rebating   | <input type="checkbox"/> (2085) Failure to pay tax                        |
| <input type="checkbox"/> (2014) Misrepresentation of Insurance Product/Policy     | <input type="checkbox"/> (2050) Rate Violation                                     | <input type="checkbox"/> (2090) Failure to pay fine                       |
| <input checked="" type="checkbox"/> (2015) Claim Handling                         | <input type="checkbox"/> (2053) Use of Unapproved Forms                            | <input type="checkbox"/> (2095) Failure to pay assessment                 |
| <input type="checkbox"/> (2020) Policyholder Service                              | <input type="checkbox"/> (2055) No License   | <input type="checkbox"/> (2097) Bail Bond Forfeiture Judgement            |
| <input type="checkbox"/> (2025) Advertising                                       | <input type="checkbox"/> (2056) Demonstrated Lack of Fitness or Trustworthiness    | <input type="checkbox"/> (2100) No Certificate of Authority               |
| <input type="checkbox"/> (2026) Premium Finance Act Violation                     | <input type="checkbox"/> (2058) Misstatement on Application                        | <input type="checkbox"/> (2101) Certification Violation                   |
| <input type="checkbox"/> (2027) Surplus Lines Violation                           | <input type="checkbox"/> (2059) Failure to Make Required Disclosure on application | <input type="checkbox"/> (2102) Unauthorized Insurance Business           |
| <input type="checkbox"/> (2028) TPA Violation                                     | <input type="checkbox"/> (2060) Not Appointed                                      | <input type="checkbox"/> (2103) Fiduciary Violation                       |
| <input type="checkbox"/> (2029) Unfair Insurance Practices Act Violation          | <input type="checkbox"/> (2061) Selling for Unlicensed Insurer                     | <input type="checkbox"/> (2104) Failure to Remit Premiums to Insurer      |
| <input type="checkbox"/> (2030) Failure to meet Continuing Education Requirements | <input type="checkbox"/> (2062) Allowed Business from Agent Not Appointed/Licensed | <input type="checkbox"/> (2105) Misappropriation of Premium               |
| <input type="checkbox"/> (2032) Continuing Education Requirements Met             | <input type="checkbox"/> (2063) Employed Unlicensed Individuals                    | <input type="checkbox"/> (2106) Forgery                                   |
| <input type="checkbox"/> (2035) Failure to Respond                                | <input type="checkbox"/> (2064) Paid Commissions to Unappointed Agents             | <input type="checkbox"/> (2107) Criminal Record/History                   |
| <input type="checkbox"/> (2036) Late or Incomplete Response                       | <input type="checkbox"/> (2065) Notice of Financial Impairment from another state  | <input type="checkbox"/> (2108) Criminal Proceedings                      |
| <input type="checkbox"/> (2037) Failure to Notify Department of Address Change    | <input type="checkbox"/> (2070) Financial Impairment                               | <input type="checkbox"/> (2110) Reconsideration                           |
| <input type="checkbox"/> (2038) Failure to Comply with Previous Order             | <input type="checkbox"/> (2072) Cure of Financial Impairment                       | <input checked="" type="checkbox"/> (2115) Other (enter up to 50 char)    |
| <input type="checkbox"/> (2039) Failure to Maintain Books & Records               | <input type="checkbox"/> (2074) Other States Action                                | <input checked="" type="checkbox"/> <b>IMPROPER USE OF CREDIT SCORING</b> |

\* If checked you must enter description.

# Continue form on reverse side

## DISPOSITION

Check at least one item in the section below - maximum 4

<input type="checkbox"/> (3001) License, Denied	<input type="checkbox"/> (3028) Certificate of Authority, Expired	<input type="checkbox"/> (3065) Show Cause
<input type="checkbox"/> (3003) License, Suspended	<input type="checkbox"/> (3029) Certificate of Authority, Probation	<input type="checkbox"/> (3070) Re-exam
<input type="checkbox"/> (3004) License, Cancelled	<input type="checkbox"/> (3031) Certificate of Authority, Reinstated	<input type="checkbox"/> (3075) Rescission of
<input type="checkbox"/> (3006) License, Revoked	<input type="checkbox"/> (3034) Certificate of Authority, Surrendered	<input type="checkbox"/> (3076) Involuntary Forfeiture
<input type="checkbox"/> (3009) License, Probation	<input type="checkbox"/> (3036) Certificate of Authority, Other (enter up to 50 char)	<input type="checkbox"/> (3078) Restitution
<input type="checkbox"/> (3010) License, Conditional		<input type="checkbox"/> (3079) Suspended from writing new business; renewals ok
<input type="checkbox"/> (3011) License, Supervision	<input type="checkbox"/> (3042) Cease and Desist from Violations	<input type="checkbox"/> (3080) Supervision
<input type="checkbox"/> (3012) License, Reinstatement	<input type="checkbox"/> (3043) Cease and Desist from all Insurance Activity	<input type="checkbox"/> (3085) Rehabilitation
<input type="checkbox"/> (3013) License, Granted	<input checked="" type="checkbox"/> (3045) Consent Order	<input type="checkbox"/> (3090) Liquidation
<input type="checkbox"/> (3014) License, Surrendered	<input type="checkbox"/> (3046) Stipulated Agreement/Order	<input type="checkbox"/> (3095) Conservatorship
<input type="checkbox"/> (3015) License, Voluntarily Surrendered	<input type="checkbox"/> (3047) Previous Order Vacated	<input type="checkbox"/> (3100) Receivership
<input type="checkbox"/> (3016) License, Other (50 Char)	<input type="checkbox"/> (3048) Ordered to provide requested information	<input type="checkbox"/> (3101) Ancillary Receivership
<input type="checkbox"/> (3021) Certificate of Authority, Denied	<input type="checkbox"/> (3050) Temporary Restraining Order	<input checked="" type="checkbox"/> (3102) Monetary Penalty
<input type="checkbox"/> (3023) Certificate of Authority, Suspended	<input type="checkbox"/> (3055) Reprimand	<input type="checkbox"/> (3103) Aggregate Monetary Penalty
<input type="checkbox"/> (3025) Certificate of Authority, Suspension Extended	<input checked="" type="checkbox"/> (3060) Hearing Waiver	<input type="checkbox"/> (3104) Settlement
<input type="checkbox"/> (3026) Certificate of Authority, Revoked		<input type="checkbox"/> (3105) Other (you must enter up to 50 char)

## Complete as needed

Time or Length of Order: ( ) (If DAYS, enter number of days) \* Length of time required for Suspensions, Probations and Supervisions. Penalty/Fine/Forfeiture \$ 75000 Enter amount in whole dollars only. Do not use punctuation.

## Required, please complete

Action Date: 1/26/2005 Effective Date: 1/28/2005 File Reference # '01-68,88,89, '02-37 & 38

## CONTACT INFORMATION

Required, Please complete.

Action State MT Contact Name: Last Cross Guns First: Roberta MI: Phone: ( 406 ) 444 - 2040 e-mail address: rcguns@mt.gov

Mail completed form to: NAIC, RIRS, 2304 McGee Suite 800 Kansas City, Mo 64108

Or

Fax completed form to: NAIC, RIRS, 816.460.7510 or e-mail to: mktdata@naic.org (Re: RIRS)

## ENTITY FUNCTION CODES

Code	Description	Code	Description	Code	Description
ADJ	Adjuster/Appraiser	KEE	Key Employee	RRF	Risk Retention Group
AIR	Alien Insurer/Reinsurer	MET	MET/MEWA	SCY	Security
CAI	Captive Insurer	MGA	Managing General Agent	SEC	Secretary
CEO	Chief Executive Officer	OFF	Officer	SEI	Self Insured
COO	Chief Operating Officer	OTH	Other	STF	State Funded
DIT	Director/Trustee	PFC	Premium Finance Co.	TPA	Third Party Administrator
EMP	Employee	PRE	President	UDI	U.S. Domiciled Insurer
HCP	Health Care Provider	PRI	Principal/Owner	UNK	Unknown
HMO	Health Maintenance Org.	PRO	Producer (agency, brokerage etc)	URO	Utilization Review Org.

Company		Tax Recon		Reports		More Rpts			
NAIC #	21709	NAIC Group	69	FEIN #	95-2575892	Dom.	CA	ID	1039500
Name	TRUCK INSURANCE EXCHANGE								
DBA									
Type	Address			City	St	Zip			
Mailing	PO BOX 2478 468			LOS ANGELES	CA	90051			
				Mail	Lic				
				<input checked="" type="checkbox"/>	<input type="checkbox"/>				

<< < > >> Add Query Save Close



Company Tax Recon Reports More Rpts

NAIC # 21709 NAIC Group 69 FEIN # 95-2575892 Dom. CA ID 1039500

Name TRUCK INSURANCE EXCHANGE

DBA

	C of A	Co Type	Eff	Susp	Term	Comments	Lic ID
Montana		Property and Cas	08/25/1939				144919
License							
Info.							

Montana Admission Date 08/25/1939

Incorporated Date

Ratings Best's Yr S&amp;P Yr Moody's Yr

Complaint Ratio Yr Commence Business in Domicile

ALL CO NAMES - CUR, DBA, PREV

NOTE

LINES

PRINT LICENSE

PREVIOUS NAME

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close

Company Tax Recon Reports More Rpts

NAIC # 21709 NAIC Group 69 FEIN # 95-2575892 Dom. CA ID 1039500

Name TRUCK INSURANCE EXCHANGE

DBA

C of A

	Type	Number	Ext	Comments
Montana	Business	323-932-3200	0	Main administrative office
License	Fax	323-932-3747		
Info.				
Montana Admiss.				
Ratings	Best			
Complaint Ratio				

ALL CO NAMES - CUR, DBA, PREV

NOTE

LINES

PRINT LICENSE

PREVIOUS NAME



&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close



# NOTICE OF REGULATORY ACTIVITY (RIRS)

For submission of regulatory actions reported to the NAIC.

## ENTITY INFORMATION

Entity name, address and a numeric identifier (CoCode, AA/FEIN, SSN, Entity Number or National Producer Number) are required.

Entity Name: **FARMERS INSURANCE EXCHANGE** State ID: **1014600**  
(for Individual Name key in Last Name, First Name, Middle Name and Suffix if available)

NAIC Entity No: **21652** NAIC CoCode: **69** AA/FEIN: **95 - 2575893**

Entity Type Code: F ☐ R ☒ M ☐ I ☐ N ☐ D ☐ Entity Function Code: D ☐ O ☐ B ☐ S ☐ S ☐ N ☐ **UDI - U.S.**

Addr: **P.O. BOX 2478 468** Line 2 Addr: Line 3 Addr:

City: **LOS ANGELES** State: **CA** Zip: **90051 -** Phone: **( 866 ) 857 - 5052**

## ACTION INFORMATION

### ORIGIN OF ACTION

Check at least one item in the section below - maximum 4

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> (1005) Complaint Investigation             | <input type="checkbox"/> (1020) Insurer Report      | <input type="checkbox"/> (1045) Combined Exam               |
| <input checked="" type="checkbox"/> (1007) Field Investigation                 | <input type="checkbox"/> (1023) Statistical Filing  | <input type="checkbox"/> (1050) Bankruptcy Notices          |
| <input type="checkbox"/> (1008) Public Inquiry                                 | <input type="checkbox"/> (1025) Legal               | <input type="checkbox"/> (1055) Third Party Information     |
| <input type="checkbox"/> (1010) Routine Dept. Action                           | <input type="checkbox"/> (1030) Market Conduct Exam | <input type="checkbox"/> (1060) Licensing Administration    |
| <input type="checkbox"/> (1015) Other States Action                            | <input type="checkbox"/> (1035) Financial Exam      | <input type="checkbox"/> (1063) Background Check            |
| <input type="checkbox"/> (1018) Information/Referral from Another state Agency | <input type="checkbox"/> (1040) Workers Comp Exam   | <input type="checkbox"/> (1065) Other (enter up to 50 char) |

\* if checked you must enter description.

### REASON FOR ACTION

Check at least one item in the section below - maximum 20

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> (2005) Underwriting                                      | <input type="checkbox"/> (2040) Failure to Timely File                             | <input type="checkbox"/> (2075) Failure to report other state action      |
| <input type="checkbox"/> (2010) Marketing & Sales                                 | <input type="checkbox"/> (2042) Failure to Pay Child Support                       | <input type="checkbox"/> (2080) Dissolution                               |
| <input type="checkbox"/> (2012) Life Insurance Replacement Violation              | <input type="checkbox"/> (2045) Rebating   | <input type="checkbox"/> (2085) Failure to pay tax                        |
| <input type="checkbox"/> (2014) Misrepresentation of Insurance Product/Policy     | <input type="checkbox"/> (2050) Rate Violation                                     | <input type="checkbox"/> (2090) Failure to pay fine                       |
| <input checked="" type="checkbox"/> (2015) Claim Handling                         | <input type="checkbox"/> (2053) Use of Unapproved Forms                            | <input type="checkbox"/> (2095) Failure to pay assessment                 |
| <input type="checkbox"/> (2020) Policyholder Service                              | <input type="checkbox"/> (2055) No License   | <input type="checkbox"/> (2097) Bail Bond Forfeiture Judgement            |
| <input type="checkbox"/> (2025) Advertising                                       | <input type="checkbox"/> (2056) Demonstrated Lack of Fitness or Trustworthiness    | <input type="checkbox"/> (2100) No Certificate of Authority               |
| <input type="checkbox"/> (2026) Premium Finance Act Violation                     | <input type="checkbox"/> (2058) Misstatement on Application                        | <input type="checkbox"/> (2101) Certification Violation                   |
| <input type="checkbox"/> (2027) Surplus Lines Violation                           | <input type="checkbox"/> (2059) Failure to Make Required Disclosure on application | <input type="checkbox"/> (2102) Unauthorized Insurance Business           |
| <input type="checkbox"/> (2028) TPA Violation                                     | <input type="checkbox"/> (2060) Not Appointed                                      | <input type="checkbox"/> (2103) Fiduciary Violation                       |
| <input type="checkbox"/> (2029) Unfair Insurance Practices Act Violation          | <input type="checkbox"/> (2061) Selling for Unlicensed Insurer                     | <input type="checkbox"/> (2104) Failure to Remit Premiums to insurer      |
| <input type="checkbox"/> (2030) Failure to meet Continuing Education Requirements | <input type="checkbox"/> (2062) Allowed Business from Agent Not Appointed/Licensed | <input type="checkbox"/> (2105) Misappropriation of Premium               |
| <input type="checkbox"/> (2032) Continuing Education Requirements Met             | <input type="checkbox"/> (2063) Employed Unlicensed Individuals                    | <input type="checkbox"/> (2106) Forgery                                   |
| <input type="checkbox"/> (2035) Failure to Respond                                | <input type="checkbox"/> (2064) Paid Commissions to Unappointed Agents             | <input type="checkbox"/> (2107) Criminal Record/History                   |
| <input type="checkbox"/> (2036) Late or Incomplete Response                       | <input type="checkbox"/> (2065) Notice of Financial Impairment from another state  | <input type="checkbox"/> (2108) Criminal Proceedings                      |
| <input type="checkbox"/> (2037) Failure to Notify Department of Address Change    | <input type="checkbox"/> (2070) Financial Impairment                               | <input type="checkbox"/> (2110) Reconsideration                           |
| <input type="checkbox"/> (2038) Failure to Comply with Previous Order             | <input type="checkbox"/> (2072) Cure of Financial Impairment                       | <input checked="" type="checkbox"/> (2115) Other (enter up to 50 char)    |
| <input type="checkbox"/> (2039) Failure to Maintain Books & Records               | <input type="checkbox"/> (2074) Other States Action                                | <input checked="" type="checkbox"/> <b>IMPROPER USE OF CREDIT SCORING</b> |

\* if checked you must enter description.

# Continue form on reverse side

## DISPOSITION

Check at least one item in the section below - maximum 4

<input type="checkbox"/> (3001) License, Denied	<input type="checkbox"/> (3028) Certificate of Authority, Expired	<input type="checkbox"/> (3065) Show Cause
<input type="checkbox"/> (3003) License, Suspended	<input type="checkbox"/> (3029) Certificate of Authority, Probation	<input type="checkbox"/> (3070) Re-exam
<input type="checkbox"/> (3004) License, Cancelled	<input type="checkbox"/> (3031) Certificate of Authority, Reinstated	<input type="checkbox"/> (3075) Rescission of
<input type="checkbox"/> (3006) License, Revoked	<input type="checkbox"/> (3034) Certificate of Authority, Surrendered	<input type="checkbox"/> (3076) Involuntary Forfeiture
<input type="checkbox"/> (3009) License, Probation	<input type="checkbox"/> (3036) Certificate of Authority, Other (enter up to 50 char)	<input type="checkbox"/> (3078) Restitution
<input type="checkbox"/> (3010) License, Conditional		<input type="checkbox"/> (3079) Suspended from writing new business; renewals ok
<input type="checkbox"/> (3011) License, Supervision	<input type="checkbox"/> (3042) Cease and Desist from Violations	<input type="checkbox"/> (3080) Supervision
<input type="checkbox"/> (3012) License, Reinstatement	<input type="checkbox"/> (3043) Cease and Desist from all Insurance Activity	<input type="checkbox"/> (3085) Rehabilitation
<input type="checkbox"/> (3013) License, Granted	<input checked="" type="checkbox"/> (3045) Consent Order	<input type="checkbox"/> (3090) Liquidation
<input type="checkbox"/> (3014) License, Surrendered	<input type="checkbox"/> (3046) Stipulated Agreement/Order	<input type="checkbox"/> (3095) Conservatorship
<input type="checkbox"/> (3015) License, Voluntarily Surrendered	<input type="checkbox"/> (3047) Previous Order Vacated	<input type="checkbox"/> (3100) Receivership
<input type="checkbox"/> (3016) License, Other (50 Char)	<input type="checkbox"/> (3048) Ordered to provide requested information	<input type="checkbox"/> (3101) Ancillary Receivership
<input type="checkbox"/> (3021) Certificate of Authority, Denied	<input type="checkbox"/> (3050) Temporary Restraining Order	<input checked="" type="checkbox"/> (3102) Monetary Penalty
<input type="checkbox"/> (3023) Certificate of Authority, Suspended	<input type="checkbox"/> (3055) Reprimand	<input type="checkbox"/> (3103) Aggregate Monetary Penalty
<input type="checkbox"/> (3025) Certificate of Authority, Suspension Extended	<input checked="" type="checkbox"/> (3060) Hearing Waiver	<input type="checkbox"/> (3104) Settlement
<input type="checkbox"/> (3026) Certificate of Authority, Revoked		<input type="checkbox"/> (3105) Other (you must enter up to 50 char)

## Complete as needed

Time or Length of Order: ( ) (If DAYS, enter number of days) Penalty/Fine/Forfeiture \$ 75000 Enter amount in whole dollars only. Do not use punctuation.  
 \* Length of time required for Suspensions, Probations and Supervisions.

## Required, please complete

Action Date: 1/26/2005 Effective Date: 1/28/2005 File Reference # '01-68,88,89, '02-37 & 38

## CONTACT INFORMATION

Required, Please complete.

Action State MT Contact Name: Last Cross Guns First: Roberta MI:   
 Phone: (406) 444 - 2040 e-mail address: rcguns@mt.gov

Mail completed form to: NAIC, RIRS, 2304 McGee Suite 800 Kansas City, Mo 64108

Or

Fax completed form to: NAIC, RIRS, 816.460.7510 or e-mail to: mktdata@naic.org (Re: RIRS)

## ENTITY FUNCTION CODES

Code	Description	Code	Description	Code	Description
ADJ	Adjuster/Appraiser	KEE	Key Employee	RRF	Risk Retention Group
AIR	Alien Insurer/Reinsurer	MET	MET/MEWA	SCY	Security
CAI	Captive Insurer	MGA	Managing General Agent	SEC	Secretary
CEO	Chief Executive Officer	OFF	Officer	SEI	Self Insured
COO	Chief Operating Officer	OTH	Other	STF	State Funded
DIT	Director/Trustee	PFC	Premium Finance Co.	TPA	Third Party Administrator
EMP	Employee	PRI	Principal/Owner	UDI	U.S. Domiciled Insurer
HCP	Health Care Provider	PRO	Producer (agency, brokerage etc)	UNK	Unknown
HMO	Health Maintenance Org.			URO	Utilization Review Org.

Company		Tax Recon		Reports		More Rpts	
NAIC #	21652	NAIC Group	69	FEIN #	95-2575893	Dom. CA	ID
						1014600	
Name	FARMERS INSURANCE EXCHANGE						
DBA							
C of A	Type	Number	Ext	Comments			
Montana	Business	866-857-5052		Main admin. office			
License Info.	Fax	323-932-3747					
Montana Admiss.							
Ratings	Best						
Complaint Ratio							

ALL CO NAMES - CUR, DBA, PREV
NOTE
LINES
PRINT LICENSE
PREVIOUS NAME

<< < > >> Add Query Save Close



Company Tax Recon Reports More Rpts

NAIC # 21652 NAIC Group 59 FEIN # 95-2575893 Dom. CA ID 1014600

Name FARMERS INSURANCE EXCHANGE

DBA

Type	Address	City	St	Zip
Mailing	PO BOX 2478 468	LOS ANGELES	CA	90051

Mail Lic

☒ ☐

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close

Company Tax Recon Reports More Rpts

NAIC # 21652 NAIC Group 69 FEIN # 95-2575893 Dom. CA ID 1014600

Name FARMERS INSURANCE EXCHANGE

DBA

	C of A	Co Type	EFF	Susp	Term	Comments	Lic ID
Montana		Property and Cas	01/01/1938				140512
License							
Info.							

Montana Admission Date 01/01/1938

Incorporated Date

Ratings Best's A Yr 2005 S&amp;P Yr Moody's Yr

Complaint Ratio Yr Commence Business in Domicile

ALL CO NAMES - CUR, DBA, PREV

NOTE

LINES

PRINT LICENSE

PREVIOUS NAME

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close



# NOTICE OF REGULATORY ACTIVITY (NIRS)

For submission of regulatory actions reported to the NAIC.

## ENTITY INFORMATION

Entity name, address and a numeric identifier (CoCode, AA/FEIN, SSN, Entity Number or National Producer Number) are required.

Entity Name: **MID-CENTURY INSURANCE COMPANY** State ID: **1025000**  
(for Individual Name key in Last Name, First Name, Middle Name and Suffix if available)

NAIC Entity No: **21687** NAIC CoCode: **69** AA/FEIN: **95 - 6016640**

Entity Type Code: **F** ☒ **R** ☐ **I** ☐ **N** ☐ **D** ☐  
(select one) M Entity Function Code: **UDI - U.S.** **D** **S** **S** **-** **-**  
(listed on back) B Line 3 Addr: **Line 2 Addr:**

Addr: **P.O. BOX 2478 468** Phone: **( 323 ) 932 - 3200**

City: **LOS ANGELES** State: **CA** Zip: **90051 -**

## ACTION INFORMATION

### ORIGIN OF ACTION

Check at least one item in the section below - maximum 4

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> (1005) Complaint Investigation             | <input type="checkbox"/> (1020) Insurer Report      | <input type="checkbox"/> (1045) Combined Exam               |
| <input checked="" type="checkbox"/> (1007) Field Investigation                 | <input type="checkbox"/> (1023) Statistical Filing  | <input type="checkbox"/> (1050) Bankruptcy Notices          |
| <input type="checkbox"/> (1008) Public Inquiry                                 | <input type="checkbox"/> (1025) Legal               | <input type="checkbox"/> (1055) Third Party Information     |
| <input type="checkbox"/> (1010) Routine Dept. Action                           | <input type="checkbox"/> (1030) Market Conduct Exam | <input type="checkbox"/> (1060) Licensing Administration    |
| <input type="checkbox"/> (1015) Other States Action                            | <input type="checkbox"/> (1035) Financial Exam      | <input type="checkbox"/> (1063) Background Check            |
| <input type="checkbox"/> (1018) Information/Referral from Another state Agency | <input type="checkbox"/> (1040) Workers Comp Exam   | <input type="checkbox"/> (1065) Other (enter up to 50 char) |

\* If checked you must enter description.

### REASON FOR ACTION

Check at least one item in the section below - maximum 20

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> (2005) Underwriting                                      | <input type="checkbox"/> (2040) Failure to Timely File                             | <input type="checkbox"/> (2075) Failure to report other state action   |
| <input type="checkbox"/> (2010) Marketing & Sales                                 | <input type="checkbox"/> (2042) Failure to Pay Child Support                       | <input type="checkbox"/> (2080) Dissolution                            |
| <input type="checkbox"/> (2012) Life Insurance Replacement Violation              | <input type="checkbox"/> (2045) Rebating   | <input type="checkbox"/> (2085) Failure to pay tax                     |
| <input type="checkbox"/> (2014) Misrepresentation of Insurance Product/Policy     | <input type="checkbox"/> (2050) Rate Violation                                     | <input type="checkbox"/> (2090) Failure to pay fine                    |
| <input checked="" type="checkbox"/> (2015) Claim Handling                         | <input type="checkbox"/> (2053) Use of Unapproved Forms                            | <input type="checkbox"/> (2095) Failure to pay assessment              |
| <input type="checkbox"/> (2020) Policyholder Service                              | <input type="checkbox"/> (2055) No License   | <input type="checkbox"/> (2097) Bail Bond Forfeiture Judgement         |
| <input type="checkbox"/> (2025) Advertising                                       | <input type="checkbox"/> (2056) Demonstrated Lack of Fitness or Trustworthiness    | <input type="checkbox"/> (2100) No Certificate of Authority            |
| <input type="checkbox"/> (2026) Premium Finance Act Violation                     | <input type="checkbox"/> (2058) Misstatement on Application                        | <input type="checkbox"/> (2101) Certification Violation                |
| <input type="checkbox"/> (2027) Surplus Lines Violation                           | <input type="checkbox"/> (2059) Failure to Make Required Disclosure on application | <input type="checkbox"/> (2102) Unauthorized Insurance Business        |
| <input type="checkbox"/> (2028) TPA Violation                                     | <input type="checkbox"/> (2060) Not Appointed                                      | <input type="checkbox"/> (2103) Fiduciary Violation                    |
| <input type="checkbox"/> (2029) Unfair Insurance Practices Act Violation          | <input type="checkbox"/> (2061) Selling for Unlicensed Insurer                     | <input type="checkbox"/> (2104) Failure to Remit Premiums to insurer   |
| <input type="checkbox"/> (2030) Failure to meet Continuing Education Requirements | <input type="checkbox"/> (2062) Allowed Business from Agent Not Appointed/Licensed | <input type="checkbox"/> (2105) Misappropriation of Premium            |
| <input type="checkbox"/> (2032) Continuing Education Requirements Met             | <input type="checkbox"/> (2063) Employed Unlicensed Individuals                    | <input type="checkbox"/> (2106) Forgery                                |
| <input type="checkbox"/> (2035) Failure to Respond                                | <input type="checkbox"/> (2064) Paid Commissions to Unappointed Agents             | <input type="checkbox"/> (2107) Criminal Record/History                |
| <input type="checkbox"/> (2036) Late or Incomplete Response                       | <input type="checkbox"/> (2065) Notice of Financial Impairment from another state  | <input type="checkbox"/> (2108) Criminal Proceedings                   |
| <input type="checkbox"/> (2037) Failure to Notify Department of Address Change    | <input type="checkbox"/> (2070) Financial Impairment                               | <input type="checkbox"/> (2110) Reconsideration                        |
| <input type="checkbox"/> (2038) Failure to Comply with Previous Order             | <input type="checkbox"/> (2072) Cure of Financial Impairment                       | <input checked="" type="checkbox"/> (2115) Other (enter up to 50 char) |
| <input type="checkbox"/> (2039) Failure to Maintain Books & Records               | <input type="checkbox"/> (2074) Other States Action                                | <b>IMPROPER USE OF CREDIT SCORING</b>                                  |

\* If checked you must enter description.

# Continue form on reverse side

## DISPOSITION

Check at least one item in the section below - maximum 4

<input type="checkbox"/> (3001) License, Denied	<input type="checkbox"/> (3028) Certificate of Authority, Expired	<input type="checkbox"/> (3065) Show Cause
<input type="checkbox"/> (3003) License, Suspended	<input type="checkbox"/> (3029) Certificate of Authority, Probation	<input type="checkbox"/> (3070) Re-exam
<input type="checkbox"/> (3004) License, Cancelled	<input type="checkbox"/> (3031) Certificate of Authority, Reinstated	<input type="checkbox"/> (3075) Rescission of
<input type="checkbox"/> (3006) License, Revoked	<input type="checkbox"/> (3034) Certificate of Authority, Surrendered	<input type="checkbox"/> (3076) Involuntary Forfeiture
<input type="checkbox"/> (3009) License, Probation	<input type="checkbox"/> (3036) Certificate of Authority, Other (enter up to 50 char)	<input type="checkbox"/> (3078) Restitution
<input type="checkbox"/> (3010) License, Conditional		<input type="checkbox"/> (3079) Suspended from writing new business; renewals ok
<input type="checkbox"/> (3011) License, Supervision	<input type="checkbox"/> (3042) Cease and Desist from Violations	<input type="checkbox"/> (3080) Supervision
<input type="checkbox"/> (3012) License, Reinstatement	<input type="checkbox"/> (3043) Cease and Desist from all Insurance Activity	<input type="checkbox"/> (3085) Rehabilitation
<input type="checkbox"/> (3013) License, Granted	<input checked="" type="checkbox"/> (3045) Consent Order	<input type="checkbox"/> (3090) Liquidation
<input type="checkbox"/> (3014) License, Surrendered	<input type="checkbox"/> (3046) Stipulated Agreement/Order	<input type="checkbox"/> (3095) Conservatorship
<input type="checkbox"/> (3015) License, Voluntarily Surrendered	<input type="checkbox"/> (3047) Previous Order Vacated	<input type="checkbox"/> (3100) Receivership
<input type="checkbox"/> (3016) License, Other (50 Char)	<input type="checkbox"/> (3048) Ordered to provide requested information	<input type="checkbox"/> (3101) Ancillary Receivership
<input type="checkbox"/> (3021) Certificate of Authority, Denied	<input type="checkbox"/> (3050) Temporary Restraining Order	<input checked="" type="checkbox"/> (3102) Monetary Penalty
<input type="checkbox"/> (3023) Certificate of Authority, Suspended	<input type="checkbox"/> (3055) Reprimand	<input type="checkbox"/> (3103) Aggregate Monetary Penalty
<input type="checkbox"/> (3025) Certificate of Authority, Suspension Extended	<input checked="" type="checkbox"/> (3060) Hearing Waiver	<input type="checkbox"/> (3104) Settlement
<input type="checkbox"/> (3026) Certificate of Authority, Revoked		<input type="checkbox"/> (3105) Other (you must enter up to 50 char)

## Complete as needed

Time or Length of Order: ( ) (If DAYS, enter number of days) Penalty/Fine/Forfeiture \$ 75000 Enter amount in whole dollars only. Do not use punctuation.  
 \* Length of time required for Suspensions, Probations and Supervisions.

## Required, please complete

Action Date: 1/26/2005 Effective Date: 1/28/2005 File Reference # '01-68,88,89, '02-37 & 38

## CONTACT INFORMATION

### Required, Please complete.

Action State MT Contact Name: Last Cross Guns First: Roberta MI:   
 Phone: ( 406 ) 444 - 2040 e-mail address: rcguns@mt.gov

Mail completed form to: NAIC, RIRS, 2304 McGee Suite 800 Kansas City, Mo 64108

Or

Fax completed form to: NAIC, RIRS, 816.460.7510 or e-mail to: mktdata@naic.org (Re: RIRS)

### ENTITY FUNCTION CODES

Code	Description	Code	Description	Code	Description
ADJ	Adjuster/Appraiser	KEE	Key Employee	RRF	Risk Retention Group
AIR	Alien Insurer/Reinsurer	MET	MET/MEWA	SCY	Security
CAI	Captive Insurer	MGA	Managing General Agent	SEC	Secretary
CEO	Chief Executive Officer	OFF	Officer	SEI	Self Insured
COO	Chief Operating Officer	OTH	Other	STF	State Funded
DIT	Director/Trustee	PFC	Premium Finance Co.	TPA	Third Party Administrator
EMP	Employee	PRE	President	UDI	U.S. Domiciled Insurer
HCP	Health Care Provider	PRI	Principal/Owner	UNK	Unknown
HMO	Health Maintenance Org.	PRO	Producer (agency, brokerage etc)	URO	Utilization Review Org.

Company Tax Recon Reports More Rpts

NAIC # 21687 NAIC Group 69 FEIN # 95-6016640 Dom. CA ID 1025000

Name MID-CENTURY INSURANCE COMPANY

DBA

C of A

Type	Number	Ext	Comments
Business	323-932-3200	0	Main administrative office
Fax	323-932-3747		

Montana Admiss:

Ratings Best

Complaint Ratio

ALL CO NAMES - CUR, DBA, PREV

NOTE

LINE#

PRINT LICENSE

PREVIOUS NAME

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close



Company		Tax Recon		Reports		More Rpts	
NAIC #	21682	NAIC Group	69	FEIN #	95-6016640	Dom. CA	ID 1025000
DBA	MID-CENTURY INSURANCE COMPANY						
	C of A	Co Type	EFF	Susp	Term	Comments	Lic ID
Montana		Property and Cas	10/01/1953				142463
License							
Info.							
Montana	Admission Date		10/01/1953	Incorporated Date			
Ratings	Best's	A	Yr 2004	S&P	Yr	Moody's	Yr
Complaint Ratio		Yr		Commence Business in Domicile			
ALL CO NAMES - CUR, DBA, PREV		NOTE	LINE#	PRINT LICENSE		PREVIOUS NAME	

&lt;&lt; &lt; &gt; &gt;&gt; Add Query Save Close

Company		Tax Recon		Reports		More Rpts			
NAIC #	21687	NAIC Group	69	FEIN #	95-6016640	Dom.	CA	ID	1025000
Name	MID-CENTURY INSURANCE COMPANY								
DBA									
Type	Address			City	St	Zip			
Mailing	PO BOX 2478			LOS ANGELES	CA	90051			
				Mail Lic					
				<input checked="" type="checkbox"/> <input type="checkbox"/>					

<< < > >> Add Query Save Close